



ANNUAL REPORT

FINANCIAL YEAR 2022-23

CFF FLUID CONTROL LIMITED

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CHAIRMAN'S MESSAGE:



I am happy to announce that CFF successfully completed its IPO in June 2023. It gives me immense pleasure to present the Company's first annual report post IPO.

During the year under review, the operating revenue of your company increased to Rs.7,066.63 lakhs over the previous year's Rs. 4,698.73 lakhs a significant growth of 50.39%.

Your company earned a net profit of Rs.1,013.60 lakhs for Financial Year 2022-23, compared to Rs.773.32 lakhs for Financial Year 2021-22.

Dear members,

I am happy to present to you the annual report of your company for FY 2022-23.

Overview

India's defence and space sectors are passing through an inflection point and your Company is attractively placed to capitalize on this unprecedented opportunity.

This optimism is reflected in the profitable growth reported during the last financial year. These numbers validate the robustness of the Company's business model and capacity to deliver a higher bottom-line growth for increases in revenue.

Defence sector is emerging as one of the most attractive sectorial opportunities in the world - for the size and sustainability of the opportunity.

India was the third largest defence equipment spender in the world; the country was also the world's largest arms importer. India will continue to be among the world's largest spenders on its defence and space sectors; as the country's high economic growth sustains through the decade and after, there could be a larger greater allocation for its defence needs.

Besides, India is located in a geo-politically sensitive part of the world, sharing borders with China, Pakistan, Bangladesh, Nepal and Myanmar. The northern tip of the country is one of the world's most militarily sensitive regions, warranting a growing Defence outlay. A progressive investment in Defence is proving to be an effective deterrent to international conflict. In view of this, Defence sector spending is not only needed for India but is being increasingly viewed as necessary for global peace.

Turning inwards One of the most decisive changes to have transpired within India's defence sector is the decision of the Indian government to moderate the import of defence equipment and source it increasingly from domestic manufacturers instead.

Over the next few years, India will shift the needle: the country intends to moderate imports and seek a larger proportion of its defence and space requirements from within. As an extension of the Make in India (Atmanirbhar) priority, the Indian government opened Defence equipment manufacture to Indian players by banning the import of a range of equipment.

The government banned the import of 101 Defence products; the DRDO announced the indigenisation of 108 systems and sub-systems. These announcements represent the most decisive initiatives by any Indian government to promote the cause of India's defence sector.

The outcome of these decisions has been extensive. Even as their implications are only nascent and their full outcome will perhaps be significantly visible by the end of the decade, the first signs are already evident. Tender sizes have increased and the order books of defence product manufacturers are beginning to grow; defence players have embarked on capital investment programmes; the sectorial employment base is beginning to widen.

We are encouraged that the national leadership continues to emphasise its commitment to indigenization. The Indian Prime Minister has repeatedly spoken of the country's 'addiction to imports', a policy driven need to wean the country off international equipment and graduate towards the use of worldclass indigenous equipment, which could create a larger eco-system. This eco-system will attract long-term players and start-ups; we foresee the emergence of a vibrant innovation invested sector; we see more interest drawn into this space; we see more defence product manufacturing companies going public and strengthening their access to long-term funds; we see the gradual evolution of India's Defence sector to the global playing field; we see this transition empower Indians to achieve the full potential of their knowledge, entrepreneurship and economies.

The result is that across the course of the decade, one may begin to see 'Designed by India. Made in India' emerging as an important theme across the country's Defence sector.

At CFF, we are prepared for this exciting future.

One, every part that we manufacture is designed in house, resulting in an integrated operation that maximises value addition.

Two, we are focused on building complete systems, which immediately graduates us into an exclusive league of companies who sit at the national high table by the virtue of being not merely component manufacturers but complete solution providers.

Three, in a rapidly transforming world where new competencies will be required, our Company possesses the credibility, visibility and liquidity to enter into business strengthening partnerships with global technology providers. We also possess the competence to progressively absorb these techniques, strengthening our captive knowledge pool.

Four, we are a profitable Company with a growing order book and adequate cash on our books to weather any unforeseen order slowdowns. Besides, our cost structure is lower by the virtue of an extensive inhouse integration.

Five, a large number of our products have been validated by Indian Navy facilitating their inclusion in our overall solution.

Building a stronger company

At CFF, we are not complacent with what we have; we are engaged in building a stronger Company with proactive responsiveness to capitalize on the unfolding sectorial opportunity. We will deepen our presence in the area of Defence and Nuclear, catalyzing the country's priority.

We will continue to focus on the creation of distinctive intellectual property and build entire systems as a base strategy while exploring multiple market segments. We will deepen collaborations with international companies where a large part of the proprietary design is complemented with outsourced design, resulting in lower costs, quick turnarounds and superior

We build systems for all platforms (space, air, land and sea); we have worked on prominent projects for marquee customers and enjoy national respect within our sector.

We are widening our product portfolio spectrum to capturing the complete value chain. We are focusing on large contracts that enhance our capacity utilization and ensure superior cost amortization. We will address large Ministry of Defence orders where it would be possible for us to reuse existing designs, shrinking our time-to-market. We expect to derive a larger percentage of revenues from manufacturing / repeat contracts rather than development contracts that usually take longer, strengthening our cash flows. We will nurture and grow a large ecosystem of competencies, making it possible for us to respond quickly and competently to customer needs.

In view of these realities, we are in the right place at the right time with the right capabilities.

Optimism

The Ministry of Defence is showing a preference for complete systems and solutions, covering capital acquisitions, repair and upgrades.

I am optimistic that the market for systems is opening out to us, graduating us from components to larger systems play where we possess rich experience.

In the past, the Company succeeded amidst global competition against the best companies and the time has come to carve out a larger national and global presence.

Following the pandemic, which was marked by supply chain challenges, there is a greater awareness for national self-sufficiency – especially in the Defence sector - which makes the presence of CFF more relevant.

The Company has designed complete systems supported by proprietary domain intellectual property, complementing ‘Designed in India’ with ‘Make in India’.

The Space Policy provides clarity on the country’s medium-term direction; by the virtue of having invested in this space across the last decade, we are prepared for the emerging opportunities.

As we grow from this point onwards, the revenue lumpiness that was visible in the past could yield to a gradual smoothening. I am optimistic that the INR 125+ Crore order book could be liquidated in the next two years in addition to more orders being addressed, enhancing value for all the stakeholders associated with our Company.

CHANGES IN THE BOARD

During the year under review, Priyanka Moondra Rathi (DIN: 09485101) was appointed additional Non-Executive Independent Director through special Resolution passed in the extra ordinary general September 05, 2022 for period of 5 (Five) consecutive years from September 02, 2022 to September 01, 2027.

Further, Rajnish Prakash (DIN: 08595423) was appointed additional Non-Executive Independent Director through special Resolution passed in the Annual General September 30, 2022 for period of 5 (Five) consecutive with effect from September 30, 2022 to September 29, 2027.

Further, Gautam Makkar (DIN: 00354956) was redesignated as Non-Executive Director through Resolution passed in the Annual general September 30, 2022 for period of 5 (Five) consecutive with effect from September 30, 2022 to September 29, 2027.

Sunil Menon Managing Director (DIN: 00409485) (DIN: 00409485). He has been with the company since incorporation, knows every detail of the company and is strong leader who takes people along with him for accomplishing the organisation's goals.

I, Gautam Makkar (DIN: 00354956) was redesignated as Non-Executive Director through Resolution passed in the Annual general September 30, 2022 for period of 5 (Five) consecutive with effect from September 30, 2022 to September 29, 2027 chose to continue as non-executive Chairman. This is a big change for me.

Now, I may use my spare time for my personal interests and choices, but I am committed to guiding the company as and when required. I would enjoy seeing the results of complete delegation and be happy to see the new leadership taking the company to new heights and horizons. One important thing I learned in all my experiences is enterprises should develop the quality of perseverance. A setback here and there should not discourage them to deviate from the course they have chosen rationally. I urge the team to continue practicing business ethics and corporate governance all the time.

I am grateful to all the shareholders, Board members, employees, customers, suppliers, banks, regulatory bodies, governments and all stakeholders for supporting the company in its progress.

Yours Sincerely

Regards,
Gautam Makkar
Chairman

REVIEW BY MANAGING DIRECTOR



We continue to focus on acquiring technology and product development to be the preferred supplier of critical equipment and systems for the Indian Navy” said Sunil Menon, MD of CFF Fluid Control Limited.

“During 2023, we continued our investments in R&D and entered new growth platforms. The combination of organic growth and successful partnerships has positioned us for sustainable future growth. We continue to add new technologies and segments that complement our current offering.”

“CFF Fluid Control Ltd is an Engineering Company creating self-reliance by Innovating and Manufacturing customized mission critical products and solutions for the defence industry in India.”

Indigineering – Indigenous solutions for Atma Nirbhar Bharat

Dear Shareholders,

I am happy to share that FY23 has been one of the most successful years in the history of our Company in terms of key performance parameters. Our revenue from operations grew by an impressive 50.39%, from Rs. 4,698.73 lakhs in FY22 to Rs. 7,066.63 lakhs in FY23.

Similarly, our total income grew from Rs. 4,712.39 lakhs to Rs. 7109.94 Lakhs. We achieved an EBITDA growth of 26.28%, rising from Rs. 1,882.81 Lakhs to Rs. 1,253.27 Lakhs. Our net profit (PAT) also increased by 31.07%, from Rs.773.32 lakhs to Rs. 1,013.60 lakhs.

The past year has been very eventful for CFF with the Company achieving several milestones. The Company has come a long way since inception, and in June 2023 we got listed on the BSE SME stock exchange. This strategic decision was made with a view to fund future growth ambitions of the Company, to capitalize on the immense headroom for growth.

During the year, we took several steps to review our strategy and look beyond our proven competitive strengths in warship building and engineering. Your Company has taken deliberate steps to diversify into new products with immense future market potential. As you are aware, CFF specializes in mechanical equipment and under water communication systems for Naval applications. We cater to the Indian Navy for mission critical equipment systems and services.

After having gained the technological know-how from our French partner Coyard for mechanical products and systems, we have now carved a niche for ourselves in designing and supplying mechanical and electronic products for a wide range of submarine classes and ships. Our core strength remains our domain expertise, which makes us the supplier of choice for the Indian Navy. Your Company has registered and approved with all DPSU Shipyards like MDL, GRSE, GSL and all Naval dockyards and repair yards on both the east and west coast of India.

A natural extension of supplying new equipment and spare parts is maintenance. A submarine's average life is typically 30 years, during which the parts require maintenance. This mandate for maintenance naturally comes to us since we are the OEM for the equipment, thus forming a dedicated revenue inflow. Our order book is at a healthy level comprising orders for new equipment as well as spares and maintenance services.

With the government having announced and cleared proposals for 9 submarines (3 under P75AS and 6 under P75I) we have visibility of orders for equipment for nine submarines. Other projects, which we aim to bid for, include those for P75I, P17B, OPVs, MCMV, Fleet Support Vessels, Fast Attack Crafts, ATVP, Air craft carrier, national hospital ship, multi-purpose vessel and fast patrol vessels etc.

We focus significantly on identifying the right partner where there is mutual value addition. In addition to our French partnerships and framework agreements with the collaborator of Scorpene class submarines we have also identified and are in the process of tying up with some other foreign OEM's in areas like weapons and sensors and unmanned underwater and surface vessels.

Overall, we are strengthening our mechanical as well as electronics portfolio of products covering Float, Move and Fight capabilities for the Indian Navy. Since the governments push on Atma Nirbhar Bharat, we are well positioned to leverage our technological capabilities to capitalize on these upcoming opportunities, and further solidify our position as the preferred supplier of choice for the Indian Navy.

I would like to take this opportunity to thank all the stakeholders, the Board of Directors, our employees, partners and customers, for their unwavering faith and support in our journey. I would also like to extend my gratitude to the Central and State Governments, Ministry of Defence and the Indian Navy for their support and entrusting us with the responsibility of contributing to the Nation's security.

With an optimistic outlook for the year ahead, I look forward to your continued support as we strive towards achieving higher levels of excellence.

Regards,
Sunil Menon
Managing Director

BOARD OF DIRECTORS:

1. Gautam Makkar

Chairman

Gautam Makkar, aged 53 years is the founding Promoter of our company and was appointed on the Board of our Company since incorporation. He was re-designation as Chairman and Non-Executive Director w.e.f. September 30, 2022. He has completed his Bachelor of Electrical Engineering from Poona University in the year 1991. He has more than 25 years of experience in the fields of sourcing and providing solutions to defence, power and marine industry. As a Non-Executive Director of the Company, he is responsible for providing his expertise for growth and expansion of our Company.

2. Sunil Menon

Managing Director

Sunil Menon, aged 55 years is the founding Promoter of our company and was appointed on the Board of our Company since incorporation. He was re-designated as the Managing Director w.e.f. September 30, 2022. He has completed his Diploma in Hotel Management, Catering and Nutrition from Board of Technical Education Delhi. He has more than 30 years' experience in Businesses like defence and in engineering company. He has taken the company from being a small components manufacturer to a strong company whose product and services portfolio includes Turnkey Projects, Integrating various platform systems. The company today has a strong product portfolio and a loyal customer base and he has contributed substantially in growth of business of company and has been a guiding force behind the growth and business strategy of our Company.

3. Priyanka Moondra Rathi,

Non-Executive Independent Director

Priyanka Moondra Rathi, aged 30 years is a Non-Executive Independent Director of our Company. She was appointed on the Board of our Company w.e.f. September 02, 2022. She has completed Bachelors of Commerce degree from Jai Narayan Vyas University in the year 2013 and completed Diploma in MBA in Finance from International Business Management Institute, Berlin, Germany in the year 2015. She is also a member of Institute of Company secretaries of India since 2017 and is currently pursuing Certified Public Accountants course. Currently she is working with Transmissions International India Private Limited Rajasthan and is partner in Priav Eduserve & Consultancy LLP. She has an experience of more than 4 years including internship in the field of Secretarial, Compliances and Legal work.

4. Rajnish Prakash

Non-Executive Independent Director

Rajnish Prakash, aged 69 years is a Non-Executive Independent Director of our Company. He was appointed on the Board of our Company w.e.f. September 30, 2022. He has completed Bachelor's Degree of Science in Chemical Engineering from Roorkee Vishwavidyalaya in the year 1974 and also obtained Diploma in Chemical Engineering (Reaction Engg.) from Indian Institute of Technology, Delhi in the year 1975. He is associated with Nuclear Power Corporation of India Limited in capacity of Independent Director. He has worked in various government departments and held various post during his entire career. He received INS Homi Bhabha Life time Achievement Award- 2014 from Indian Nuclear Society & Green tech foundation and Outstanding Engineer award from Institute of Engineer.

CORPORATE INFORMATION:

Board of Directors

Gautam Makkar
Chairman

Sunil Menon
Managing Director

Priyanka Moondra Rathi
Independent Director

Rajnish Prakash
Independent Director

Company Secretary & Compliance Officer
Sonika Mehta (From November 04, 2022)

Chief Financial Officer
Hitesh Birla (From August 01, 2022)

Audit Committee
Rajnish Prakash (Chairman)
Priyanka Moondra Rathi,
Sunil Menon

Stakeholders Relationship Committee
Priyanka Moondra Rathi (Chairman)
Rajnish Prakash
Gautam Makkar

Nomination & Remuneration Committee
Priyanka Moondra Rathi (Chairman)
Rajnish Prakash
Gautam Makkar

Corporate Social Responsibility Committee
Sunil Menon (Chairman)
Gautam Makkar
Rajnish Prakash

Independent Auditors

M/s. V. N. Purohit & CO., Chartered Accountants
214, New Delhi House, 2nd Floor, 27, Barakhamba, New
Delhi-110001

Bankers

AXIS BANK LIMITED
Address: 1st Floor Senorita Plot No. 21, Gulmohar Road
Near, Juhu Circle, Vile Parle West, Mumbai 400049.

Registrars and Share Transfer Agents

CAMEO CORPORATE SERVICES LIMITED
Subramanian Building, No. 1, Club House Road,
Chennai – 600 002.
Tel.: +91 - 44 –40020700 (5 Lines)
E-mail: priya@cameoindia.com

Corporate Identification Number

U28990MH2012PLC227023

Listing

BSE SME Platform

Registered office

Plot No 01, Survey No 96, Kumbhivli Madap Khopoli,
Khalapur, Raigarh-410203.
Tel No.: +91-2246086806
Email ID: compliance@cffdefensys.com
Website: www.cffdefensys.com

Corporate Office:

503, Delphi, A Wing, Orchard Avenue, Hiranandani
Business Park, Powai, Mumbai-400076.
Tel No.: +91-2246086806
Email ID: compliance@cffdefensys.com
Website: www.cffdefensys.com

NOTICE:

NOTICE is hereby given that the Eleventh Annual General Meeting (AGM) of CFF Fluid Control Limited will be held through Video Conferencing (VC)/Other Audio Video Visual Means (OAVM), on Saturday, the September 30, 2023 at 11.30 A.M. (IST) to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2023, together with the Directors' Report and Auditors' Report thereon and Comments of the Statutory Auditor of the Company id any.
2. To appoint a director in place of Shri. Sunil Menon (DIN- 00409485) who retires by rotation and being eligible offers him-self for re-appointment.

By Order of the Board of Directors
For CFF Fluid Control Limited

Date: August 30, 2023
Place: Mumbai

Sd/-
Sunil Menon
Managing Director
DIN: 00409485

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE COMPANY'S CORPORATE OFFICE, DULY COMPLETED AND SIGNED, NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTIONS / AUTHORITY, AS APPLICABLE. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A MEMBER HOLDING MORE THAN 10% OF TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. THE BLANK PROXY FORM IS ENCLOSED.**
2. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorized under the said Board Resolution to attend and vote on their behalf at the Meeting.
3. In Compliance with the MCA Circulars and SEBI Circular, Notice of AGM along with the Annual Report is being sent only through electronic mode to those members whose email addresses are registered with the Company or the Depository. Members may note that the Notice and Annual Report will also be available on the Company's website www.cffdefensys.com and website of the stock exchange i.e. Bombay Stock Exchange Limited at <https://www.bseindia.com> and AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
4. Members desiring any further information on the business to be transacted at the meeting should write to the company at least 15 days before the date of the meeting so as to enable the management to keep the information, as far as possible, ready at the meeting.
5. Only bona fide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
6. Details of Directors retiring by rotation/seeking appointment/ re-appointment at the ensuing Meeting are provided in the explanatory statement annexed to the Notice pursuant to the provisions of (i) Regulation 36(3) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India, forms integral part of the notice as 'Annexure – A'.
7. Members/Proxies/Authorised Representatives are requested to bring to the Meeting necessary details of their shareholding, attendance slip(s), enclosed herewith duly completed and signed and copy(ies) of their Annual Report.
8. In case of joint holders attending the Meeting, the first holder as per the Register of Members of the Company will be entitled to vote
9. The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements maintained under Section 170 & 189 respectively of the Companies Act, 2013, will be available for inspection by the members at the AGM.

10. The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, September 23, 2023 to Saturday, September 30, 2023** (both days inclusive).
11. Member holding shares in physical form are requested to intimate/ indicating their respective folio no., the change of their addresses and change of bank accounts etc. To Cameo Corporate Services Limited, RTA of the Company, while members holding shares in electronic form may write to the respective depository participant for immediate updation.
12. To receive communications through electronic means, including Annual Reports and Notices, members are requested to kindly register/update their email address with their respective depository participant. Alternatively, member may send signed copy of the request letter providing the email address, mobile number and self-attested PAN copy along with client master copy (in case of electronic folio)/copy of share certificate (in case of physical folio) via email to www.cffdefensys.com for obtaining the Annual Report and Notice of AGM.
13. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form, are therefore, and requested to submit their PAN to their Depository Participants with whom they maintain their Demat Accounts. Members holding shares in physical form and submit their PAN to the Company/ RTA viz. Cameo Corporate Services Limited.
14. All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on working days up to the date of the AGM.
15. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail Ids by sending written request to our RTA M/s Cameo Corporate Services Limited in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve them documents I all communications including Annual Reports, Notices, circulars etc. in electronic form
16. M Rupareliya & Associates, Practicing Company Secretary (Membership No. A51422) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
17. The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote evoting or by ballot form shall be able to exercise their right at the meeting.
18. **Voting through electronic means:**
 1. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the Annual General Meeting ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
 2. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
 3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

4. The remote e-voting period commences on **Tuesday, September 26, 2023 (9:00 A.M.)** and ends on **Friday, September 29, 2023 (5:00 P.M.)**. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **Saturday, September 23, 2023** may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
5. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of **Saturday, September 23, 2023**.
6. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice electronically and holding shares as of the cut-off date i.e. **Saturday, September 23, 2023**, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30 . In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. Saturday, September 23, 2023 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system."
7. How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:


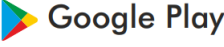


Step 1: Access to NSDL e-Voting system

Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> 1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

	<ol style="list-style-type: none"> 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDLand you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>

Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 1800 22 55 33

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.

b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - ii. If your email ID is not registered, please follow steps mentioned below **in process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "[Forgot User Details/Password?](#)"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) [Physical User Reset Password?](#)" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csmayurirupareliya@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "**Upload Board Resolution / Authority Letter**" displayed under "**e-Voting**" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to compliance@cffdefensys.com
 2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to compliance@cffdefensys.com If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e.Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
 3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
 4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.
19. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800- 222-990 or send a request at evoting@nsdl.co.in.
 20. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
 21. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
 22. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
 23. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.cffdefensys.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
 24. As per regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except for transmission or transposition of securities. In view of this and to eliminate all risks associated with the physical shares members holding shares in physical form are requested to consider converting their holdings into dematerialized form. Members can contact Company or Company's Registrar and Transfer Agents of the Company for any support in this regard.

25. All queries relating to Share Transfer and allied subjects should be addressed to:

CAMEO CORPORATE SERVICES LIMITED

Subramanian Building, No. 1, Club House Road, Chennai – 600 002.

Tel.: +91 - 44 – 40020700 (5 Lines)

E-mail: priya@cameoindia.com

Investor Grievance Email: investor@cameodina.com

Website: www.cameoindia.com

Contact Person: K. Sreepriya

By Order of the Board of Directors
For CFF Fluid Control Limited

Sd/-

Sunil Menon

Managing Director

DIN: 00409485

Date: August 30, 2023

Place: Mumbai

Registered office	Corporate office
Plot No 01, Survey No 96, Kumbhivli Madap Khopoli, Khalapur, Raigarh-410203, Maharashtra, INDIA	503, Delphi, A Wing, Orchard Avenue, Hiranandani Business Park, Powai, Mumbai-400076, Maharashtra, INDIA

Contact Person	Email and telephone	Website
Sonika Mehta <i>Company Secretary and Compliance Officer</i>	Email : compliance@cffdefensys.com Telephone : +91-2246086806	www.cffdefensys.com

Annexure – A to the Notice

The relevant details of directors who is proposed to be re-appointed director of the Company, as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 issued by the Company Secretaries of India are as under;

Details of director seeking re-appointment	
Name of Director	Sunil Menon
Current Position	Managing Director (Liable to retire by rotation)
Age:	56 years
Qualification:	He has completed his Diploma in Hotel Management, Catering and Nutrition from Board of Technical Education Delhi
Experience:	More than 30 years
Expertise in specific functional areas	experience in Businesses like defense and in engineering company
Date of first Appointment:	16/02/2012
Number of Board Meetings attended during the year:	Attended all the meetings held in F.Y. 2022-2023
Shareholding in the Company:	71,36,660 Equity Shares
Relationship with Other Directors:	Sunil Menon is the brother in laws of Gautam Makkar.
Other Directorship	1.Aay Aar Consultancy Services Private limited. 2.Airotech Profiles (India) Private limited. 3.Autostem Technologies India Private limited. 4.FF Flowline Private Limited. 5.Flash Forge Private Limited. 6.Navigating Sales Pvt Ltd
Memberships/ Chairmanship of Committees	Member of Audit Committee and Chainmen of CSR Committee of CFF Fluid Control Limited

DIRECTORS' REPORT:

Directors' Report

For The Financial Year Ended March 31, 2023

TO THE MEMBERS:

Your Directors have pleasure in presenting this Eleventh (11th) Directors' Report along with the Audited Financial Statements for the Financial Year ended March 31, 2023.

1. HIGHLIGHTS OF FINANCIAL PERFORMANCE:

Your Company's Standalone performance during the Financial Year 2022-23 as compared to that of the previous Financial Year 2021-22 is summarized below:

Particulars	Financial Year ended – Amount in '000)	
	31/03/2023	31/03/2022
Total Income	7,10,993.96	4,71,239.10
Profit before Exceptional and Extraordinary Item and Tax	1,44,159.93	1,04,393.70
Less: Extraordinary Item	180.24	663.17
Profit Before Taxation (PBT)	1,43,979.69	1,03,730.53
Less: Tax Expense	42,619.79	26,398.85
Profit After Taxation (PAT)	1,01,359.90	77,331.68

2. STATE OF AFFAIRS OF THE COMPANY, ITS SUBSIDIARIES & JOINT VENTURES & OTHER ASSOCIATES/ REVIEW OF OPERATIONS

Review of Operations / State of Affairs of the Company:

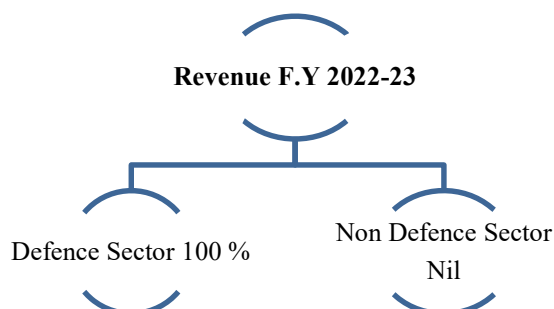
There has been no change in the nature of business of your Company during the Financial Year 2022-23.

The business-wise performance of your Company is discussed in detail as follows:

Businesses of the Company:

Your company is primarily in the business of manufacturing and servicing of critical component systems and test facilities for submarines & surface ships for The Indian Navy. Further we also design, develop Mechanical Equipments and systems for industries like Nuclear and Clean Energy.

The break up of revenue model between defence sector and non defence sector for FY 2022-23 is as shown below:



Your promoters and group companies have been in the defence manufacturing space for more than 20 years. Our company was incorporated with a purpose of having dedicated new entity focussed on meeting the growing requirements of Indian Navy, Mazagaon Dockyard and Shipbuilders Limited (MDL) for manufacturing and supplying mechanical equipment for the “Scorpene” Submarine Program of India. Soon after inception, a TOT (Transfer of Technology) was signed between CFF and Coyard SAS France for design, manufacture and supply of Mechanical Components for the Scorpene submarine program. The TOT was approved by relevant authorities and after factory inspection; our company was awarded license for production of mechanical components for the Scorpene Submarine Program.

Company facilities are situated at Khopoli from where we design, manufacture and service fluid control systems, distributor and air panels, Weapons and Control Systems, Steering gear, Propulsion Systems, High Pressure Air Systems, Hydraulics Systems, Breathing and Diving Air Systems and Integrated Platform Management Systems for submarines and surface ships for the Indian Navy and its OEMs. The facility is spread over 6,000 sq. mtrs. and has all the relevant state of the art machinery and testing facilities. Our facility is approved by Indian Navy, MDL & Naval Group (France) and has ISO 9001:2015 certification for quality management systems.

Since incorporation, up to March 31, 2023, we have completed orders from Indian Navy (including its OEMs) worth Rs. 18,678.79 lakhs and we have a robust order book as on March 31, 2023 of Rs.9,004.00 lakhs of which over 90 % pertains to orders from Indian Navy (including its OEMs). The highlights of some of the key defence sector projects which we were part of w.r.t supply and servicing of equipment’s are as below:

- SSK Class Submarine
- Kalveri Class Submarine
- Kilo Class Submarine

The Company does not have any Subsidiary, Joint venture or an Associate Company.

3. Capital expenditure

During the year the company incurred the capital expenditure of Rs. 1947.44 lakhs on fixed assets.

4. Dividend:

Your Directors do not recommend any dividend for the financial year 2022-23.

5. Share capital and reserves:

a) Share capital:

The Authorized Share Capital of the Company was increase from ₹100,00,000 (One Crore) divided into 10,00,000 (Ten Lakhs) Equity Shares of ₹ 10 each to ₹ 20,00,00,000 (Twenty Crore) divided into 2,00,00,000 (Two Crore) Equity Shares of ₹ 10 each pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting held on July 07, 2022.

Further the Authorized Share Capital of the Company was increase from ₹ 20,00,00,000 (Twenty Crore) divided into 2,00,00,000 (Two Crore) Equity Shares of ₹ 10 each to ₹ 21,00,00,000 (Twenty One Crore) divided into 2,10,00,000 (Two Crore Ten Lakhs) Equity Shares of ₹ 10 each pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting held on November 25, 2022.

The paid up Equity Share Capital of the Company as on March 31, 2023 was Rs. 14,27,41,000/- divided into 1,42,74 100 equity shares of Rs, 10/- each fully paid up.

Further on July 11, 2022 company has allotted 1,35,60,395 shares as Bonus in the ratio 19:1 shares.

b) Transfer to Reserves:

The company retained the entire surplus in the Profit and Loss Account and hence no transfer to General Reserve was made during the year.

6. Deposits:

During the year, the Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

7. Change in the nature of business, if any:

During the year, there was no change in the nature of business of the company.

8. Material changes and commitments after the reporting period

The Company has obtained the status of being listed on BSE SME Platform with effect from July 12, 2023. The Company managed to raise ₹ 8,580.00 Lakhs by initial public offer of 52,00,000 equity shares of ₹ 10 each through its prospectus dated May 23, 2023. Further stakeholder may find the Prospectus through link: <https://cffdefensys.com/volans/wp-content/uploads/2023/05/Prospectus-of-CFF-Fluid-Control-Limited.pdf>

Listing on Stock Exchanges:

The Company has obtained the status of being listed on BSE SME Platform with effect from July 12, 2023. The Company managed to raise ₹ 8,580.00 Lakhs by initial public offer of 52,00,000 equity shares of ₹ 10 each through its prospectus dated May 23, 2023. Further 52,00,000 Equity Shares of face value of Rs. 10/- each were available under the Offer, at Issue Price of Rs. 165. The Offer opened for subscription on May 30, 2023 and closed on June 02, 2023 and the Offer was subscribed approx. 1.95 times. The Equity shares of CFF have been listed on BSE SME Platform) on July 12, 2023.

There were as mentioned above the only material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the Company to which these financial statements relate and the date of this Report.

9. Scheme of Amalgamation / Arrangement:

During the Financial Year 2022-23, your Company has not proposed or considered or approved any Scheme of Merger / Amalgamation / Takeover / Demerger or Arrangement with its Members and/or Creditors.

10. Details in Respect of Adequacy of Internal Financial Controls With Reference to the Financial Statement:

In the opinion of the Board of Directors of your Company, adequate internal financial controls are available, operative and adequate, with reference to the preparation and finalization of the Financial Statement for the Financial Year 2022-23.

11. Details of Application Made or any Proceeding Pending Under the Insolvency and Bankruptcy Code, 2016, during the Financial Year along with their status as at the end of the financial year:

During the Financial Year 2022-23, there was no application made and proceeding initiated / pending by any Financial and/or Operational Creditors against your Company under the Insolvency and Bankruptcy Code, 2016.

As on the date of this Report, there is no application or proceeding pending against your Company under the Insolvency and Bankruptcy Code, 2016.

12. Details of difference between the amount of valuation at the time of one-time Settlement and the valuation done at the time of taking a loan from the banks or Financial institutions along with the reasons thereof:

During the Financial Year 2022-23, the Company has not made any settlement with its bankers for any loan(s) / facility(ies) availed or / and still in existence.

13. Public Deposits:

The Company has not accepted any deposits from the public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

14. Particulars Of Loans, Guarantees And Investments Under Section 186 Of The Companies Act, 2013:

As required to be reported pursuant to the provisions of Section 186 and Section 134(3)(g) of the Companies Act, 2013, the particulars of loans, guarantees and investments by your Company under the aforesaid provisions during the Financial Year 2023-2, have been provided in the Notes to the Financial Statement if any.

Your Company has not given any loans, guarantees or made any investments under section 186 of the Companies Act, 2013

15. Board matters:

A. Directors' Responsibility Statement pursuant to section 134 of the Companies Act, 2013

Your Board of Directors hereby confirms that:

- i) In the preparation of the annual accounts of the Company for the year ended March 31, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii) the accounting policies selected were applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2023 and of the profit of the company for the year ended on that date;

- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis;
- v) adequate internal financial controls have been laid down, have been followed and have been operating effectively;
- vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws and those systems have been adequate and operating effectively.

B. Declaration of independent directors

The Company has received declarations from all its Independent Directors that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Independent Directors have also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013. Independent Directors of the company have registered their names in the Independent Director's Database maintained by the Indian Institute of Corporate Affairs (IICA).

C. Board meetings

During the financial year 2022-23, Eleventh (11) Board meetings were convened and held on 11th April, 2022, 11th June, 2022, 11th July 2022, 02nd September 2022, 15th September 2022, 04th November 2022, 07th November 2022, 21st November 2022, 12th December 2022, 17th January 2023 and 31st March 2023.

D. Criteria for performance evaluation

Performance evaluation criteria for Independent Directors

The performance evaluation criteria for independent directors are determined by the Nomination and Remuneration committee. Factors of evaluation include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behavior and judgment.

Executive Directors

Performance of the Executive Directors is evaluated on broad criteria such as contribution and value addition to the Board and Committees thereof; contribution to the Company and management to achieve its plans, goals, corporate strategy and risk mitigation; level of participation in the Board and Committee meetings, etc. Director being evaluated does not participate in the evaluation process. The performance of Board as a whole is evaluated by the Independent Directors on the basis of its duties and responsibilities as per terms of reference. The Chairman's performance is evaluated by Independent Directors on the above parameters after taking into account the views of Executive and Non-Executive Directors.

E. Meeting of Independent Directors

A separate meeting of Independent Directors of the Company was held on 22nd March, 2023. At the meeting, the Independent of the company reviewed the performance of the Non-Independent Directors and the Board as a whole;

reviewed the performance of the Chairman of the Company, taking into account the views of the Executive and Non-executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Independent Directors expressed their satisfaction with the overall performance of the Directors and the Board as a whole.

F. Directors

During the year under review, Priyanka Moondra Rathi (DIN: 09485101) was appointed as Non-Executive Independent Director through special Resolution passed in the extra ordinary general September 05, 2022 for period of 5 (Five) consecutive years from September 02, 2022 to September 01, 2027.

Further, Sunil Menon, (DIN: 00409485) was redesignated as Managing Director through special Resolution passed in the Annual general September 30, 2022 for period of 5 (Five consecutive with effect from September 30, 2022 to September 29, 2027.

Further, Gautam Makkar (DIN: 00354956) was redesignated as NonExecutive Director through Resolution passed in the Annual general September 30, 2022 for period of 5 (Five) consecutive with effect from September 30, 2022 to September 29, 2027.

Further, Rajnish Prakash (DIN: 08595423) was appointed additional Non-Executive Independent Director through special Resolution passed in the Annual General Meeting held on September 30, 2022 for period of 5 (Five) consecutive with effect from September 30, 2022 to September 29, 2027.

G. Retirement by Rotation

Sunil Menon, (DIN: 00409485) Managing Director Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment and the resolution under item No.2 seeking approval of the Members for her re-appointment has been incorporated in the Notice convening the 11th Annual General Meeting of the Company along with brief details about his.

H. Changes in Key Managerial Personnel

During the year under review, Hitesh Birla was appointed as Chief Financial Officer w.e.f. 1st August, 2022, Sunil Menon was appointed as Managing Director w.e.f 30th September, 2023 and Sonika Mehta was appointed as Company Secretary and Compliance Officer w.e.f. 4th November, 2022.

Further Pursuant to the provisions of Section 2(51) and 203 of the Companies Act, 2013, the Key Managerial Personnel (KMP) of the Company are Sunil Menon, Managing Director, Hitesh Birla, Chief Financial Officer and Sonika Mehta, Company Secretary and Compliance Officer.

I. Disclosures by Directors:

The Board of Directors has submitted notice of interest in Form MBP 1 under Section 184(1) as well as intimation by directors in Form DIR 8 under Section 164(2) and declarations as to compliance with the Code of Conduct of the Company.

J. Committees of the board:

a. Audit Committee:

The Audit Committee, as per Section 177 of Companies Act, 2013, our board has constituted the Audit Committee vide Board Resolution dated November 04, 2022 in accordance with the Section 177 of the Companies Act, 2013. The audit committee comprises of:

Name of Director	Category	Position in the committee	Attendance at the Audit Committee Meetings held on	
			07.11.2022	17.01.2023
Rajnish Prakash	Non-Executive Independent Director	Chairman	Yes	Yes
Priyanka Moondra Rathi,	Non-Executive Independent Director	Member	Yes	Yes
Sunil Menon	Managing Director	Member	Yes	Yes

The Committee is governed by a Charter, which is in line with the regulatory requirements mandated by the Companies Act, 2013. Some of the important functions performed by the Committee are:

Financial Reporting and Related Processes:

- Oversight of the Company's financial reporting process and financial information submitted to the Stock Exchanges, regulatory authorities or the public.
- Reviewing with the Management, the Half Yearly Unaudited Financial Statements and the Auditor's Limited Review Report thereon / Audited Annual Financial Statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on exercise of judgement by the Management, significant adjustments made in the Financial Statements and / or recommendation, if any, made by the Statutory Auditors in this regard.
- Review the Management Discussion & Analysis of financial and operational performance.
- Discuss with the Statutory Auditors its judgement about the quality and appropriateness of the Company's accounting principles with reference to the Accounting Standard (AS).
- Review the investments made by the Company.

All the Members on the Audit Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

b. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee, as per Section 178(1) of Companies Act, 2013, our board has constituted Nomination and Remuneration Committee vide Board Resolution dated November 04, 2022 in accordance with the Section 177 of the Companies Act, 2013. The Nomination and Remuneration Committee comprises of:

Name of Director	Category	Position in the committee	Attendance at the Remuneration Committee held on
			17.01.2023
Priyanka Moondra Rathi	Non-Executive Independent Director	Chairman	Yes
Rajnish Prakash	Non-Executive Non-Independent Director	Member	Yes
Gautam Makkar	Non-Executive Director	Member	No

The terms of reference of the Committee inter alia, include the following:

- Succession planning of the Board of Directors and Senior Management Employees;
- Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria;
- Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;
- Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;
- Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board.

The Company has formulated a Remuneration Policy which is annexed to the Board's Report in "Annexure I".

c. Stakeholders Relationship Committee:

The Stakeholders Relationship Committee, as per Section 178(5) of Companies Act, 2013, our board has constituted the Audit Committee vide Board Resolution dated November 04, 2022 in accordance with the Section 177 of the Companies Act, 2013. The Stakeholders Relationship Committee comprises of:

Name of Director	Category	Position in the committee	Attendance at the Stakeholders Relationship Committee held on
			17.01.2023
Priyanka Moondra Rathi	Non-Executive Independent Director	Chairman	Yes
Rajnish Prakash	Non-Executive Independent Director	Member	Yes
Gautam Makkar	Non-Executive Director	Member	Yes

The terms of reference of the Committee are:

- transfer/transmission of shares/debentures and such other securities as may be issued by the Company from time to time;

- issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
- issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates / certificates relating to other securities;
- issue and allot right shares / bonus shares pursuant to a Rights Issue / Bonus Issue made by the Company, subject to such approvals as may be required;
- to grant Employee Stock Options pursuant to approved Employees' Stock Option Scheme(s), if any, and to allot shares pursuant to options exercised;
- to issue and allot debentures, bonds and other securities, subject to such approvals as may be required;
- to approve and monitor dematerialization of shares / debentures / other securities and all matters incidental or related thereto;
- to authorize the Company Secretary and Head Compliance / other Officers of the Share Department to attend to matters relating to non-receipt of annual reports, notices, non-receipt of declared dividend / interest, change of address for correspondence etc. and to monitor action taken;
- monitoring expeditious redressal of investors / stakeholders grievances;
- all other matters incidental or related to shares, debenture

During the year, no complaints were received from shareholders. There are no balance complaints. The Company had no share transfers pending as on March 31, 2023.

d. The Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee, as per Section 135 of Companies Act, 2013, our board has constituted the CSR Committee vide Board Resolution dated November 04, 2022 in accordance with the Section 177 of the Companies Act, 2013. The Stakeholders Relationship Committee comprises of:

Name of Director	Category	Position in the committee	Attendance at the Stakeholders Relationship Committee held on	
			04.11.2022	31.03.2023
Sunil Menon	Managing Director	Chairman	Yes	Yes
Gautam Makkar	Non- Executive Director	Member	Yes	Yes
Prakash Rajnish	Non-Executive Independent Director	Member	Yes	Yes

The terms of reference of the Committee are:

Formulation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Company in areas or subject specified in the Companies Act, 2013. The activities should be within the list of permitted activities specified in the Companies Act, 2013 and the rules thereunder;

Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation during such immediately preceding financial years;

Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company;

Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes; Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required; and Performing such other duties and functions as the Board may require the Corporate Social Responsibility Committee to undertake to promote the corporate social responsibility activities of the Company or as may be required under applicable laws

16. Transfer of shares and unclaimed dividend to Investor Education and Protection Fund (IEPF):

During the year under review, your Company has not transferred any unclaimed amount and shares inlying with the Company for a period of seven years to the Investor Education and Protection Fund (IEPF) in compliance with the applicable provisions of the Companies Act, 2013.

17. Auditors:

a) Independent Auditors:

M/S. V. N. Purohit & Co., Chartered Accountants - Firm Registration No. 304040E Statutory Auditors of the Company were appointed at the 10th Annual General Meeting of the Company held on September 30, 2022 for a period of five years. Accordingly, M/S. V. N. Purohit & Co., will complete their term and tenure as envisaged in Section 139 of the Companies Act, 2013 at the conclusion of this Annual General Meeting to be held in the year 2026 and are eligible for reappointment.

b) Cost Auditor:

During the year under review, Cost Auditor was note applicable to us

c) Secretarial auditor:

During the year under review, Cost Auditor was note applicable to us further, the Board of Directors, on the recommendation of the Audit Committee, has re-appointed M Rupareliya & Associates, a practicing company secretary, as Secretarial Auditor to conduct the secretarial audit of the Company for the financial year 2023-24. They have confirmed their eligibility for the re-appointment.

18. Independent auditors' report:

The Statutory Auditor's report to the Members on the standalone financial statement for the year ended March 31, 2023 does not contain any qualification, reservation, adverse remark or any disclaimer.

19. Reporting of fraud:

During the year under review, there were no instances of frauds reported by Auditors under Section 143(12) of the Companies Act, 2013.

20. Credit Rating

During the year under review, no credit rating has been obtained for the company

21. Management discussion and analysis Report

A detailed review of operations, performance and future outlook of your Company and its businesses is given in the Management Discussion and Analysis, which forms part of this Report as stipulated under Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 details are given in **Annexure -D** to this Report.

22. Compliance with Secretarial Standards

The Company has complied with Secretarial Standards notified by the Institute of Company Secretaries of India.

23. Conservation of energy, technology absorption and foreign exchange earnings and outgo

The Information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as **Annexure –B** to this Report.

24. Particulars of contracts or arrangements with related parties referred to in Sub-section (1) of section 188 of the companies act, 2013:

All related party transactions entered by the Company during the financial year 2022-23 with related parties were on arm's length basis and in the ordinary course of business. No material related party transactions / arrangements were entered into during the financial year by the Company.

The particulars of transactions with related parties referred in section 188(1) of the Companies Act, 2013 entered by the Company during the financial year ended March 31, 2023 in prescribed Form AOC-2 is annexed herewith as **Annexure –C** to this Report.

The details of the transactions with related parties were also provided in the notes to the financial statements.

25. Risk management policy

Your company recognizes Risk Management as a very important part of business and has kept in place necessary policies, procedures and mechanisms. The company proactively identifies monitors and takes precautionary and mitigation measures in respect of various risks that threaten the operations and resources of the company.

The Risk Management Policy of the company is available at the link <https://cffdefensys.com/investors/policies/>

26. Vigil mechanism policy

Pursuant to the provisions of Section 177 (9) and (10) of the Companies Act, 2013 a Whistle Blower policy has been established. The policy is available at the website link <https://cffdefensys.com/investors/policies/>

27. Corporate social responsibility (CSR) activities during the year 2022-23:

your company has spent an amount of Rs. 8,50,000 on CSR activities (Through transferring fund to PM CARE Fund as specified in Schedule VII of the Companies Act, 2013) , against the 2% of average profit for the last three years. Details of CSR activities are given in **Annexure –D** to this Report.

28. Significant Regulatory Or Court Orders:

During the Financial Year 2022-23 and thereafter till the date of this Report, there were no significant and material orders passed by the regulators or Courts or Tribunals which can adversely impact the going concern status of your Company and its operations in future.

29. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year under review, there were no cases received/filed pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibitions and Redressal) Act, 2013.

30. Disclosure of significant and material orders passed by regulators etc. under Rule 8(5)(vii) of the Companies (Accounts) Rules 2014 During the year under review, there were no significant or material order(s) passed by the Regulators / Courts or Tribunals which would impact the going concern status of the Company and its future operations.

During the year under review, there is no application/ proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016, nor the Company has done any one time settlement with any Bank or Financial Institutions.

31. Disclosure of internal financial control systems and their adequacy Rule 8(5)(viii) of the Companies (Accounts) Rules 2014

Your company has in place adequate internal financial controls with reference to financial statements. The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and aid in the timely preparation of reliable financial statements.

32. Annual Return

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013, the Annual Return in Form MGT-7 is available on the company's weblink <https://cffdefensys.com/investors/annual-reports/>

33. Remuneration of directors and employees and related disclosures Remuneration is paid to directors and employees in accordance with the remuneration policy of the company and applicable statutory provisions.

Disclosure pertaining to the remuneration and other details as required under Section 197(12) of the Act and the Rules framed thereunder is enclosed as Annexure-10 to this Report.

34. Listing on stock exchanges

The Company's Equity shares are listed on BSE SME Platform (Scrip Code: 543920) and the Listing Fees has been paid to them up to date.

35. Policies of The Company:

The Companies Act, 2013 read with the Rules framed thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) have mandated the formulation of certain policies for listed and/ or unlisted companies. All the Policies and Codes adopted by your Company, from time to time, are available on the Company’s website viz., <https://cffdefensys.com/investors/policies/>, pursuant to Regulation 46 of the Listing Regulations. The Policies are reviewed periodically by the Board of Directors and its Committees and are updated based on the need and new compliance requirements.

36. Human Resources and Industrial relations

Your directors thank all the employees for their cooperation and the contribution towards harmonious relationship and progress of the company.

37. Depository System:

Your Company’s Equity Shares are available for dematerialization through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN Number of your Company for both NSDL and CDSL is INE0NJ001013.

38. Research and development:

Your Company works with the purpose of constant innovation to improve farmer productivity and thereby to help in feeding the nation. It continues to focus and invest significantly on cutting edge Research & Development (R&D) initiatives and strongly believes that productive R&D is a key ingredient for the Company’s success and growth.

39. Cautionary statement:

Statements in the Directors’ Report and the Management Discussion and Analysis Report describing the Company’s objectives, projections, expectations, estimates or forecasts may be forward-looking within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied therein due to risks and uncertainties. Important factors that could influence the Company’s operations, inter alia, include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic, political developments within the country and other factors such as litigations and industrial relations.

40. Appreciation:

Your Directors wish to place on record sincere appreciation for the support and co-operation received from various Central and State Government Departments, organizations and agencies. Your Directors also gratefully acknowledge all stakeholders of your Company, viz., Shareholders, customers, dealers, vendors, banks and other business partners for excellent support received from them during the Financial Year under review. Your Directors also express their genuine appreciation to all the employees of the Company for their unstinted commitment and continued contribution to the growth of your Company.

**For and on behalf of the Board of Director of
CFF Fluid Control Limited**

**Sd/-
Gautam Makkar
Chairman
DIN: 00354956**

**Place: Raigarh
Date: August 30, 2023**

Annexure 'A' to the Directors' Report

PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS &

CFF FLUID CONTROL LIMITED

As at the Financial Year ended March 31, 2023

[Pursuant to Section 134(3)(m) of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014]

A. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

The Company is committed to stringent energy conservation measures and accords the highest priority in maintaining effective controls and utilization of energy by replacing the machinery at the appropriate time with the latest machinery feasible for the Company and also ensures optimum use of the machinery. Appropriate steps are also taken to canalize the waste keeping in view the environmental laws.

Sr. No	Particulars	Year -2022-2023
A.	Electricity	
(i)	Purchase	Maharashtra State Electricity Distribution Co. Ltd.
	Unit Nos.	2,97,198
	Total Amount (Rs.)	36,40,680
	Rate per unit	12.25
(ii)	Own Generation	Nil
	Through Diesel Generation Set	Nil
	Unit Per Litter of Diesel Oil	Nil
	Cost Per Unit (Rs.)	Nil
B.	Consumption of Electricity in Unit for per Unit of Production	Not Accessible

C. RESEARCH & DEVELOPMENT (R&D) ACTIVITIES:

A strong and experienced team of Research and development has been nurtured at CFF. As part of make in India, a number of products are listed for indigenization by the Government of India. Many complex parts, components, complete equipment and complete systems are required to be indigenized. Our team has the capability of rapid prototype and come out with innovative solutions

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of Foreign Exchange Earnings and Outgo of your Company during the Financial Year under review are as follows:

Particulars	Current Year (2022-23)	Previous Year (2021-22)
Foreign Exchange Earned	Rs. 35,32,558	Nil
Foreign Exchange Used	Rs.4,46,05,385	1,75,80,952

Annexure B to the Directors' Report

FORM AOC – 2 - MATERIAL RELATED PARTY TRANSACTION

(Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: -

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for Entering into such contracts or arrangements or transaction	date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
1	NA	NA	NA	NA	NA	NA	NA	NA

2. Details of material contracts or arrangement or transactions at arm's length basis:

A. Directors Remuneration

Sr. No.	Name of Related Party and Relationship	Nature of Transaction and amount O/s as	Duration and terms	Amount (In '000 INR)
1.	Sunil Menon	Director and KMP	For FY 2022-23	42,00,000
2.	Hitesh Birla	Chief Financial Officer	For FY 2022-23	9,46,757
3.	Sonika Mehat	Company Secretary	For FY 2022-23	90,200

B. Others

Sr. No.	Name(s) of the related party and nature of relationship	Duration of the contracts / arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	date of approval by the Board / others	Amount paid as advances, if any
1	Flash Forge Pvt. Ltd (KMP have Significant Influence Loan Taken	Nil	22,65,35,000	15.09.2022	Nil
2	Flash Forge Pvt. Ltd (KMP have Significant Influence Loan Paid	Nil	10,68,60,000	15.09.2022	Nil
3	Flash Forge Pvt. Ltd (KMP have Significant Influence) Interest Given	Nil	1,85,86,128	15.09.2022	Nil
4	Flash Forge Pvt. Ltd (KMP have Significant Influence) Rembursement of expenses	Nil	4,87,10,000	15.09.2022	Nil

Annexure ‘C’ to the Directors’ Report

Annual Report on CSR Activities for Financial Year 2022-23

1. Brief outline on CSR Policy of the Company:

The Company’s CSR policy is in alignment with the guidelines provided by the Ministry of Corporate Affairs (MCA). The Board has formulated a CSR Policy with the main objective that “the Company shall undertake the CSR activities that help the surrounding communities possible in its means and meeting the regulatory requirements.

Details of the policy can be seen at the company’s website: <https://cffdefensys.com/volans/wp-content/uploads/>

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Sunil Menon	Chairman of CSR Committee Managing Director	2	2
2.	Gautam Makkar	Member Non- Executive Director	2	2
3.	Prakash Rajnish	Member Non-Executive Independent Director	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

<https://cffdefensys.com/>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable

Not Applicable for the financial year under review.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **NIL**

6. Average net profit of the company as per section 135(5).: **416.68 Lakhs**

7.

(a) Two percent of average net profit of the company as per section 135(5): **8.33 Lakhs**

(b) Surplus arising out of the CSR projects or programmers or activities of the previous financial years.: **Not Applicable**

(c) Amount required to be set off for the financial year, if any: **Not Applicable**

(d) CSR Budget approved by Board on the recommendation of CSR Committee: **8.50 Lakhs**

(e) Total CSR obligation for the financial year (7a+7b-7c): **8.50 Lakhs**

8.(a) CSR amount spent or unspent for the financial year: **8.50 Lakhs**

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).*		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
2022-23	-	-	PM CARE	8,50,000	30.08.2023

(*)Total Amount of ₹ 8,50,000 which was to be transferred to Unspent CSR Account within specified days from end of financial year has not been transferred. Therefore the company has directly transferred to the fund specified under Schedule VII as per second proviso to section 135(5).

(b) Details of CSR amount spent against ongoing projects for the financial year: **Not Applicable**

(c) Details of CSR amount spent against other than ongoing projects for the financial year: **Not Applicable**

(d) Amount spent in Administrative Overheads: **Not Applicable**

(e) Amount spent on Impact Assessment, if applicable: **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **8.5 Lakhs**

(g) Excess amount for set off, if any: **Not Applicable**

NOTE: During the Financial Year 2022-23, your Company was required to spend ₹ 8.33 Lakhs towards CSR Activities in terms of the mandatory provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, while the actual CSR spending through Transferring in fund specified under Schedule VII as per second proviso to section 135(5) for the year was ₹ 8,50,000. Thus, the mandatory amount for the Financial Year 2022-23 has been fully spent by the Company.

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	8,33,353
(ii)	Total amount spent for the Financial Year	8,50,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	16647
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **Not Applicable**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

The provisions of Corporate Social Responsibility (CSR) are applicable for the first time upon the Company. The Board of Directors have formulated a sustainable CSR policy and currently appraising for the suitable CSR Projects.

In the meantime, it has been decided that the unspent CSR amount for the year ended on 31st March 2023 shall be deposited into the funds specified under Schedule VII of the Companies Act, 2013.

In absence of sustainable CSR projects in hand, The Company has not carried out any CSR activity during the year. However, the Board is planning to undertake sustainable CSR project in the area of education and medical relief.

Further, Board of director believes that Non-compliance to the CSR laws may be penalized. Therefore Board has transferred 2% of CSR Amount i.e. Rs. 8,50,000 to fund specified under Schedule VII as per second proviso to section 135(5) and the said transferred amount details is mentioned as above.

The mandatory amount ₹ 8,50,000 for the Financial Year 2022-23 has been fully transferred by the Company and complied the provision of section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

For and on behalf of the Board of Director of CFF Fluid Control Limited Sd/- Sunil Menon Managing Director of company and Chairman of CSR Committees DIN: 00409485	For and on behalf of the CSR Committees of CFF Fluid Control Limited Sd/- Gautam Makkar Member of CSR Committees DIN: 00354956
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MANAGEMENT DISCUSSION AND ANALYSIS

Forward looking statement -

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include changes in government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statements are prepared as per the IND AS guidelines and comply with the Accounting Standards notified under Section 211(3C) of the Act read with the Companies (Accounting Standards) Rules, 2015. The management of CFF Fluid Control Limited has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements, reflect in a true and fair manner, the state of affairs and profit for the year.

The following discussions on our financial condition and result of operations should be read together with our audited financial statements and the notes to these statements included in the annual report. Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "CFF" are to CFF Fluid Control Ltd.

Industry and Overview

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications, publicly available documents and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information.

Global Economic Overview

A tentative recovery in 2021 has been followed by increasingly gloomy developments in 2022 as risks began to materialize. Global output contracted in the second quarter of this year, owing to downturns in China and Russia, while US consumer spending undershot expectations. Several shocks have hit a world economy already weakened by the pandemic: higher-than-expected inflation worldwide—especially in the United States and major European economies—triggering tighter financial conditions; a worse-than-anticipated slowdown in China, reflecting COVID-19 outbreaks and lockdowns; and further negative spillovers from the war in Ukraine.

The baseline forecast is for growth to slow from 6.1 percent last year to 3.2 percent in 2022, 0.4 percentage point lower than in the April 2022 World Economic Outlook. Lower growth earlier this year, reduced household purchasing power, and tighter monetary policy drove a downward revision of 1.4 percentage points in the United States. In China, further lockdowns and the deepening real estate crisis have led growth to be revised down by 1.1 percentage points, with major global spillovers. And in Europe, significant downgrades reflect spillovers from the war in Ukraine and tighter monetary policy. Global inflation has been revised up due to food and energy prices as well as lingering supply-demand imbalances, and is anticipated to reach 6.6 percent in advanced economies and 9.5 percent in emerging market and developing economies this year—upward revisions of 0.9 and 0.8 percentage point, respectively. In 2023, disinflationary monetary policy is expected to bite, with global output growing by just 2.9 percent.

The risks to the outlook are overwhelmingly tilted to the downside. The war in Ukraine could lead to a sudden stop of European gas imports from Russia; inflation could be harder to bring down than anticipated either if labour markets are tighter than expected or inflation expectations unanchored; tighter global financial conditions could induce debt distress in emerging market and developing economies; renewed COVID-19 outbreaks and lockdowns as well as a further escalation of the property sector crisis might further suppress Chinese growth; and geopolitical fragmentation could impede global trade and cooperation. A plausible alternative scenario in which risks materialize, inflation rises further, and global growth declines to about 2.6 percent and 2.0 percent in 2022 and 2023, respectively, would put growth in the bottom 10 percent of outcomes since 1970.

With increasing prices continuing to squeeze living standards worldwide, taming inflation should be the first priority for policymakers. Tighter monetary policy will inevitably have real economic costs, but delay will only exacerbate them. Targeted fiscal support can help cushion the impact on the most vulnerable, but with government budgets stretched by the pandemic and the need for a disinflationary overall macroeconomic policy stance, such policies will need to be offset by increased taxes or lower government spending. Tighter monetary conditions will also affect financial stability, requiring judicious use of macroprudential tools and making reforms to debt resolution frameworks all the more necessary. Policies to address specific impacts on energy and food prices should focus on those most affected without distorting prices. And as

the pandemic continues, vaccination rates must rise to guard against future variants. Finally, mitigating climate change continues to require urgent multilateral action to limit emissions and raise investments to hasten the green transition.

The Forces Shaping the Outlook

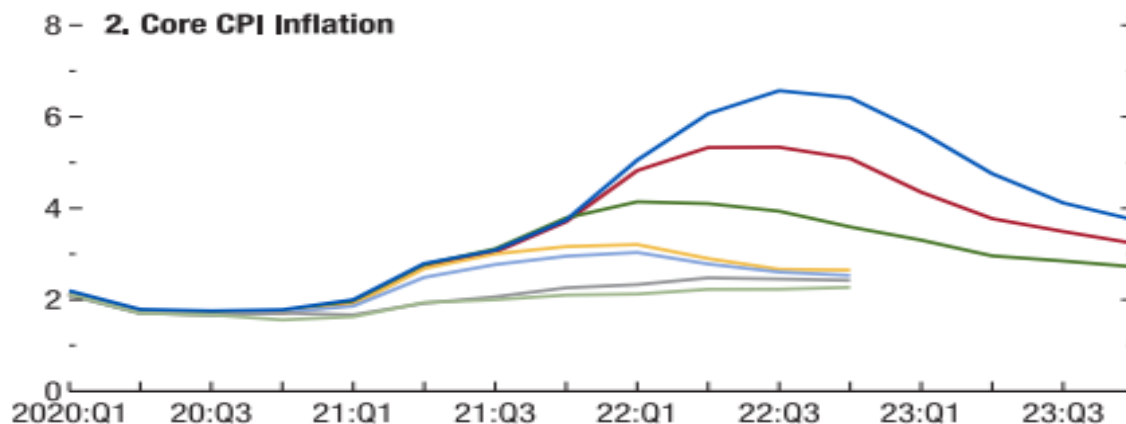
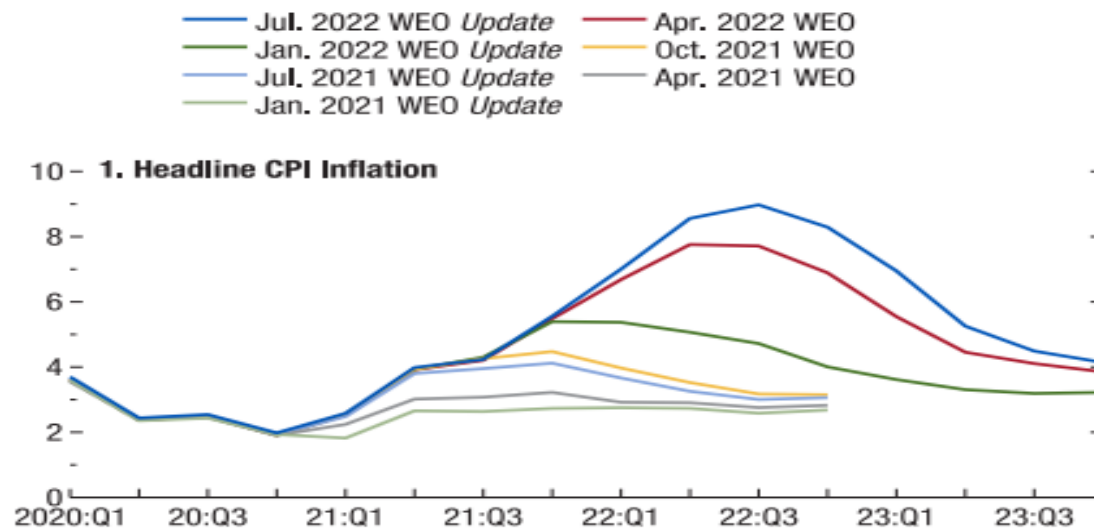
Global slowdown intensifies as downside risks materialize

A tentative recovery in 2021 has been followed by increasingly gloomy developments in 2022. Performance was slightly better than expected in the first quarter, but world real GDP is estimated to have shrunk in the second quarter—the first contraction since 2020—owing to economic downturns in China and Russia. Downside risks discussed in the April 2022 World Economic Outlook are materializing, with higher inflation worldwide, especially in the United States and major European economies, triggering a sharp tightening in global financial conditions; a sharper-than-anticipated slowdown in China, reflecting COVID-19 outbreaks and lockdowns; and further negative cross-border effects from the war in Ukraine.

Global inflation again surprises on the upside, prompting more central bank tightening

Since 2021, consumer prices have consistently risen faster than widely expected, including in the World Economic Outlook (Figure 1). In the United States, the consumer price index rose by 9.1 percent in June, compared with a year earlier, and it also rose by 9.1 percent in the United Kingdom in May—the highest inflation rates in these two countries in 40 years. In the euro area, inflation in June reached 8.6 percent, its highest level since the inception of the monetary union. Equally concerning, in emerging market and developing economies, second-quarter inflation is estimated to have been 9.8 percent. Higher food and energy prices, supply constraints in many sectors, and a rebalancing of demand back toward services have in most economies driven up headline inflation. But underlying inflation has also increased, as reflected in different gauges of core inflation, reflecting the pass-through of cost pressures by way of supply chains and tight labor markets, especially in advanced economies.¹ Wage growth has on average not kept up with inflation across both advanced and emerging market and developing economies, eroding household purchasing power. Although long-term inflation expectations have been stable in most major economies, they have started to rise according to some measures, including in the United States (Figure 2). In response to incoming data, central banks of major advanced economies are withdrawing monetary support more assertively and raising policy interest rates faster than expected in the April 2022 World Economic Outlook. Central banks in several emerging market and developing economies have raised interest rates more aggressively than during past advanced economy tightening cycles. The associated rise in longer-term borrowing costs, including mortgage and tighter global financial conditions have led to precipitous declines in equity prices, weighing on growth. At the same time, public COVID-19 support packages have been wound down.

Figure 1. Global Inflation Forecasts: Serial Upside Surprises
(Percent)



Source: IMF staff calculations.

Note: Global inflation is a weighted average of individual countries' numbers using GDP valued at purchasing power parity as weights. WEO = *World Economic Outlook*.

(Source: *The International Monetary Fund, World Economic Outlook July, 2022*)

Indian Scenario

The Indian economy has fully recovered to the pre-pandemic real GDP level of 2019-20, according to the provisional estimates of GDP released on May 31, 2022. Real GDP growth in FY 2021-22 stands at 8.7%, which is 1.5% higher than

the real GDP in FY 2019-20. These figures are associated with stronger growth momentum, indicating increased economic demand. The investment rate in the fourth quarter increased to its highest level in the previous nine quarters. Moreover, capacity utilization in the manufacturing sector rose in the fourth quarter, as against the third quarter, implying a build-up in demand, which is consistent with the growth objectives of the Indian economy.

Future capital spending of the government in the Indian economy is expected to be supported by factors such as tax buoyancy, streamlined tax system, thorough assessment and rationalization of the tariff structure and digitization of tax filing. In the medium term, an increase in capital spending on infrastructure and asset-building projects is set to increase growth multipliers. Furthermore, revival in monsoon and Kharif sowing helped the agriculture sector gain momentum. As of July 11, 2022, the South-West monsoon has covered the entire country, resulting in 7% higher rainfall than the normal level.

India has emerged as the fastest-growing major economy in the world, and is expected to be one of the top three economic powers globally over the next 10-15 years, backed by its robust democracy and strong partnerships.

Market Size

- India's nominal GDP at current prices was estimated at Rs. 232.15 trillion (US\$ 3.12 trillion) in FY22. With more than 100 unicorns valued at US\$ 332.7 billion, India has the third-largest unicorn base in the world.
- According to the McKinsey Global Institute, India needs to boost its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030 in order to increase productivity and economic growth. The net employment rate needs to grow by 1.5% per annum from 2023 to 2030 to achieve 8-8.5% GDP growth between this period. India's current account deficit (CAD), primarily driven by an increase in the trade deficit, stood at 1.2% of GDP in 2021-22.
- Exports fared remarkably well during the pandemic and aided recovery when all other growth engines lost steam in terms of their contribution to GDP. Going forward, the contribution of merchandise exports may waver as several of India's trade partners witness an economic slowdown. According to Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Indian exports are expected to reach US\$ 1 trillion by 2030.

Recent Developments

- As of July 15, 2022, India's foreign exchange reserves reached US\$ 572.71 billion.
- Private equity-venture capital (PE-VC) sector investments stood at US\$ 34.1 billion, up 28% YoY, across 711 deals through January-June 2022.
- India's merchandise exports stood at US\$ 676.2 billion in FY22. In June 2022, India's merchandise exports stood at US\$ 37.9 billion, recording the highest ever exports in June 2022.
- In June 2022, the gross Goods and Services Tax (GST) revenue collection stood at Rs. 1.44 trillion (US\$ 18.1 billion).
- According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDI equity inflow in India stood at US\$ 588.53 billion between April 2000-March 2022.
- In July 2022 (until 21 July 2022), Foreign Portfolio Investment (FPI) outflows stood at Rs. 228,862 crore (US\$ 28.65 billion)
- Consumer Price Index (CPI) inflation stood at 7.01% in June 2022 compared to 7.04% in May 2022.

Government Initiatives

Over the years, the Indian government has introduced many initiatives to strengthen the nation's economy. The government has been effective in developing policies and programmes that are not only beneficial for citizens to improve their financial stability but also for the overall growth of the economy. Over the recent decade, India's rapid economic growth has led to a substantial increase in demand for exports. Moreover, many of the government's flagship programmes, including Make in India, Start-up India, Digital India, the Smart City Mission and the Atal Mission for Rejuvenation and Urban Transformation, are aimed at creating immense opportunities in India. In this regard, some of the initiatives taken by the government to improve the economic condition of the country are mentioned below:

In July 2022, the Reserve Bank of India (RBI) approved international trade settlements in Indian rupees (INR) in order to promote the growth of global trade with emphasis on exports from India and to support the increasing interest of the global trading community.

Mr. Rajnath Singh, Minister of Defence, launched 75 newly-developed artificial intelligence (AI) products and technologies during the first-ever “AI in Defence” (AIDef) symposium and exhibition, organised by the Ministry of Defence in New Delhi on July 11, 2022.

As of April 2022, India signed 13 Free Trade Agreements (FTAs) with its trading partners, including major trade agreements such as the India-UAE Comprehensive Partnership Agreement (CEPA) and the India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA).

Road Ahead

Despite continuing geopolitical concerns, rising interest rates in the US and India and high prices of crude oil and few other commodities, economic activity in India is holding up better than anticipated. Electricity consumption, manufacturing PMI, exports, power supply and other high-frequency indicators indicate that the pace of economic activity has fully recovered from the COVID-19 pandemic shock. Economic growth is anticipated to be fueled by the effective implementation of PLI schemes, development of renewable energy sources while diversifying import dependence on crude oil and bolstering of the banking sector. Recent government initiatives to boost revenue will aid in containing the rise in the current account deficit and ensure that any potential fiscal slippage is adequately contained. According to a Boston Consulting Group (BCG) analysis, India is expected to be the third-largest consumer economy as its consumption may quadruple to US\$ 4 trillion by 2025 due to changes in consumer behaviour and spending patterns. By 2040, India is anticipated to overtake the US to become the second-largest economy in terms of purchasing power parity (PPP), according to a report by PricewaterhouseCoopers.

(Source: <https://www.ibef.org/economy/indian-economy-overview>)

Global Defence Market Outlook

The defence market consists of sales of air-based, sea-based and land-based military equipment by entities (organizations, sole traders and partnerships) that produce air-based, sea-based and land-based military equipment including support and auxiliary equipment such as radar, satellites, sonars, and other auxiliary equipment or maintain, repair and overhaul defence equipment.

The main defence types are air-based defence equipment, sea-based defence equipment, land-based defence equipment, defence equipment maintenance, repair and overhaul services, defence support, and auxiliary equipment. Air-based defence equipment includes support and auxiliary equipment for the air-based defence such as radar, satellites, sonars, and other auxiliary equipment. The various operation includes autonomous defence equipment, manual and involves various platforms such as airborne, land, naval.

The global defence market size is expected to grow from \$452.69 billion in 2021 to \$483.47 billion in 2022 at a compound annual growth rate (CAGR) of 6.8%. The growth in the defence market is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving

social distancing, remote working, and the closure of commercial activities that resulted in operational challenges. The defence market is expected to reach \$604.82 billion in 2026 at a CAGR of 5.8%.

The global defence market is segmented -

- 1) By Type: Air-Based Defence Equipment, Sea-Based Defence Equipment, Land-Based Defence Equipment, Defence Equipment Maintenance, Repair and Overhauling Services, Defence Support and Auxiliary Equipment
- 2) By Operation: Autonomous Defence Equipment, Manual
- 3) By Platform: Airborne, Land, Naval

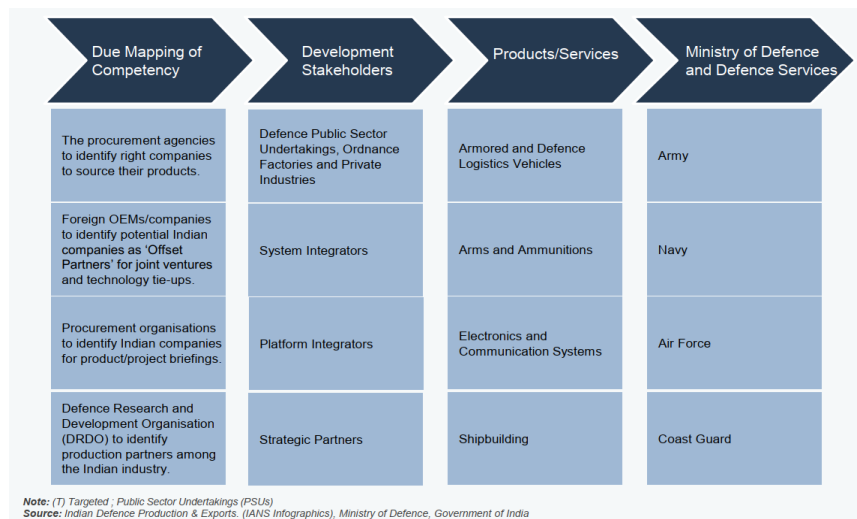
Sub segments Covered: Fighter Aircrafts, Military Helicopters, Military Gliders and Drones, Battle Force Ships (Aircraft Carriers, Frigates, Destroyers, Corvettes, Torpedo Boats, Support Crafts), Submarines (including Nuclear Submarines), Armoured Vehicles, Missiles, Tanks, Small Arms and Light Weapons, Air-Based Defence Equipment MRO Services, Water-Based Defence Equipment MRO Services, Land-Based Defence Equipment MRO Services, Military Radars, Military Satellites, Other Defence Support and Auxiliary Equipment.

(Source: <https://www.thebusinessresearchcompany.com/report/defence-global-market-report>)

Indian Defence Market Outlook

India is one of the strongest military forces in the world and holds a place of strategic importance for the Indian government. The top three largest market segments of the Indian defence sector are military fixed wing, naval vessels and surface combatants, and missiles and missile defence systems. Military rotorcraft, submarines, artillery, tactical communications, electronic warfare, and military land vehicles are some of the other well-known segments.

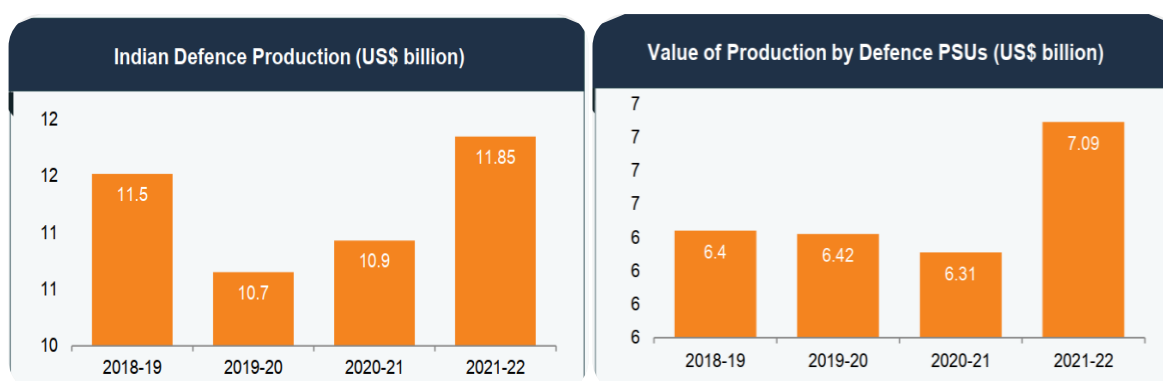
The Indian defence manufacturing industry is a significant sector for the economy. The industry is likely to accelerate with rising concerns of national security. Demand for defence equipment in India has been growing due to the ongoing territorial disputes with Pakistan and China over the ownership of the Northern State of Kashmir and the North Eastern State of Arunachal Pradesh, respectively. Over the last five years, India has been ranked among the top importers of defence equipment to gain technological advantages over rival countries such as China and Pakistan. To modernise its armed forces and reduce dependency over external dependence for defence procurement, several initiatives have been taken by the government to encourage ‘Make in India’ activities via policy support initiatives.



Market Size

According to the global power index, the Indian defence sector ranks fourth in terms of firepower with a score of 0.0979 (with 0.0 being the perfect score). The Indian government has set the defence production target at US\$ 25.00 billion by 2025 (including US\$ 5 billion from exports by 2025). India is one of the world's biggest defence spenders with a total outlay of Rs. 5.25 lakh crore (US\$ 66 billion), accounting for 13.31% of the total budget and indicating an increase over the budget estimates of 2021-22 by Rs. 46,970 crore (US\$ 5.9 billion).

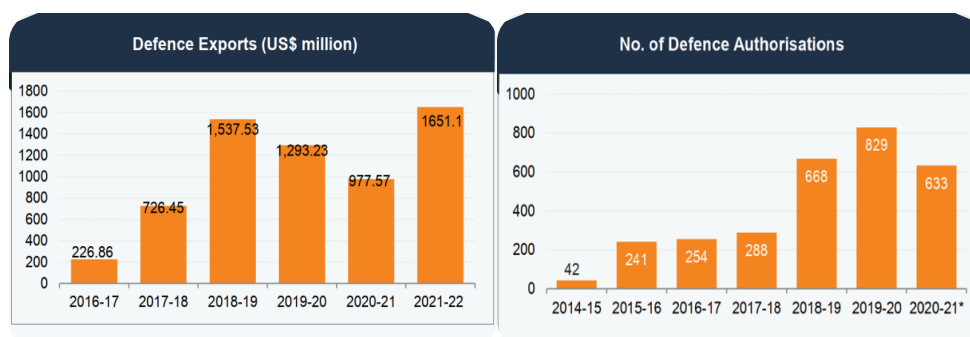
India's defence import value stood at US\$ 463 million for FY20 and is expected to be at US\$ 469.5 million in FY21. India targets to export military hardware worth Rs. 35,000 crore (US\$ 5 billion) in the next 5 years. As of 2019, India ranked 19th in the list of top defence exporters in the world by exporting defence products to 42 countries. Defence exports in the country stood at Rs. 1,381 crore (US\$ 173.32 million) in FY 2022-23 (until 1 August, 2022)



- India's defence production stood at Rs. 17, 885 crore (US\$ 2.24 billion) in FY 2022-23 (until 1 August, 2022)
- Defence production by PSUs stood at Rs. 10,831 crore (US\$ 1.36 billion) in FY 2022-23 (until 1 August, 2022)
- The overall production sector decreased in 2019; however, growth was observed in the value of production by Defence PSUs due to numerous key product developments through research and development initiatives, in addition to various products and equipment being manufactured through transfer of technology.
- Ordnance factories recorded a slight decline in the value of production as 275 items, which were earlier reserved for ordnance factories, were notified for open industry procurement.
- The country plans to spend US\$ 130.00 billion on military modernisation in the next five years and is also achieving self-reliance in defence production.
- The Government of India opened the defence industry for private sector participation to provide impetus to indigenous manufacturing
- In India, 100% FDI is allowed in the defence industry, wherein 74% is allowed the under automatic route and beyond 74% is through the government route.

(Source :<https://www.ibef.org/industry/defence-manufacturing>)

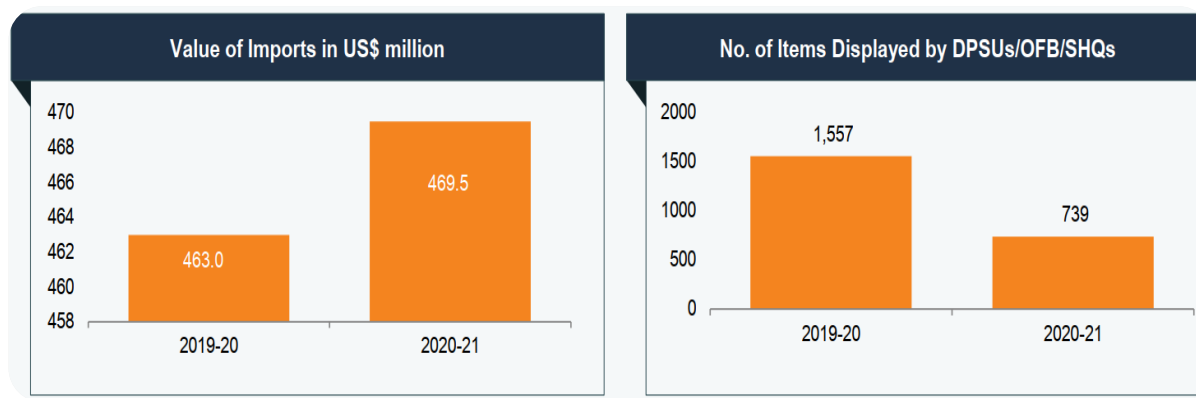
Defence Exports



- Defence exports in the country stood at Rs. 1,381 crore (US\$ 173.32 million) in FY 2022-23 (until 1 August, 2022).
- Defence exports in the country witnessed strong growth in the last two years. India targets to export military hardware worth US\$ 5.00 billion (Rs. 35,000 crore) in the next 5 years.
- The 12th edition of DefExpo, India's flagship event showcasing land, naval, air and homeland security systems will be held in Gandhinagar, Gujarat, from March 10 to March 13, 2022. The aim of DefExpo-2022 is to build and achieve 'Aatmanirbharta' (self-reliance) in defence and increase defence exports to US\$5 billion by 2024.
- To boost the domestic defence sector manufacturing, the Ministry of Defence, in December 2020, approved the export of indigenously-developed surface-to-air Akash missile system and set up a panel to ensure faster approvals for acquisition proposals by various countries.
- With an emphasis on promoting defence exports from the country, India Pavilion at Aero India 2021 – Bengaluru will showcase a range of indigenously developed helicopters.
- In October 2020, India and the UAE have agreed to take their defence cooperation further through joint production and mutual trade. This move is expected to boost domestic defence exports and achieve defence export targets worth US\$ 5 billion in the next five years.

(Source : <https://www.ibef.org/industry/defence-manufacturing>)

Defence Imports

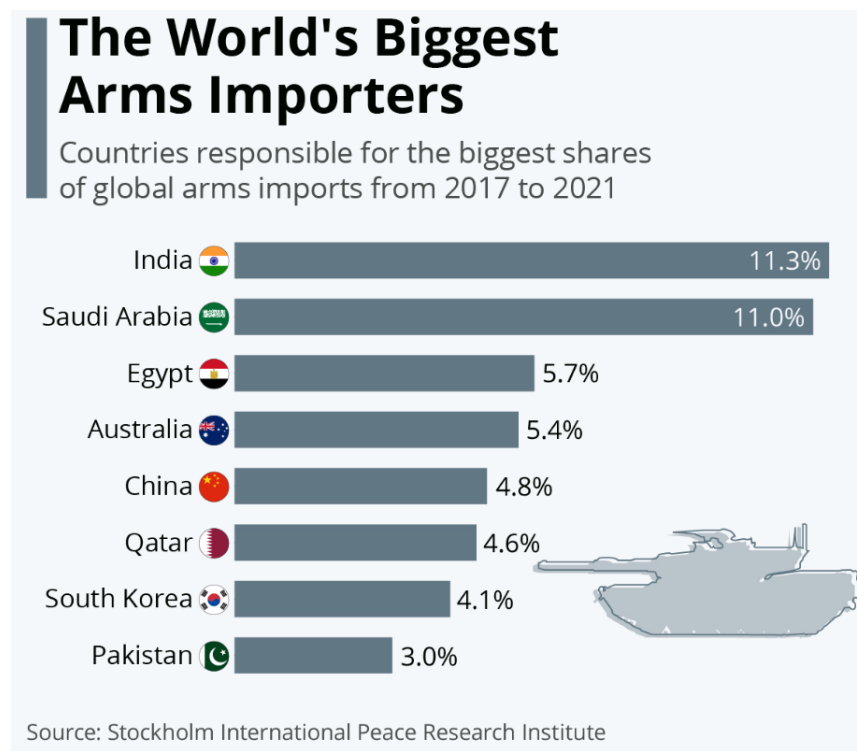


- India's defence import value stood at US\$ 463 million for FY20 and is expected to be at US\$ 469.5 million in FY21.
- In February 2020, Defence Minister Mr. Rajnath Singh at Aero India 2021 announced to reduce defence imports by at least US\$ 2 billion by 2022.
- In August 2020, Defence Minister Mr. Rajnath Singh announced to ban imports of 101 defence items to bolster, the Prime Minister, , Mr. Narendra Modi's resolve to make India self-reliant. This embargo on imports is planned to be progressively implemented between 2020 and 2024.
- In September 2016, India agreed to purchase 36 Rafale fighter jets from France for ~US\$ 7.70 billion. Following this deal, France delivered a set of three Rafale fighters to India in July 2021, boosting the Indian Air Force fleet.

- In August 2020, Defence Minister, Mr. Rajnath Singh, launched the indigenisation portal ‘SRIJAN’, a one-stop shop, online portal for vendors interested to take up items for indigenisation.
- In the first stage, the portal displayed those items that were imported in 2019-20 and are expected to import in 2020-21. This information could be helpful for the Indian manufacturers to design and develop defence products.
- In November 2020, Hindustan Times reported that India leased two MQ-9B Sea Guardian drones from the United States, under the new Indian defence acquisition guidelines, which now permits the Indian Army to temporarily lease hardware as opposed to buying the equipment outright.

(Source : <https://www.ibef.org/industry/defence-manufacturing>)

India was the highest importer of Arms and one of the Lowest Exporter, however the trend is expected to change:



The Stockholm International Peace Research Institute (SIPRI) has released its latest report on Trends in International Arms Transfer, 2021. As per the report, India and Saudi Arabia emerged as the largest importers of arms between 2017-21. Both two countries accounted for 11% of all global arms sales. Egypt (5.7%), Australia (5.4%) and China (4.8%) were the next three largest importers respectively in the top 5. The report placed India at the top of the list. 85% of India’s overall imports were from three countries. Russia (46%), France (27%), and the USA (12%) were the top three largest exporters of arms to India during the period.

Largest Arms Exporters in 2017-21:

- USA, with 39% share, retained its standing as the world’s largest arms exporters during 2017-21.
- Russia (19%), France (11%), China (4.6%) and Germany (4.5%) were among the top 5 largest exporters respectively.
- India was 23rd largest exporter during 2017-21, with a share of just 0.2% of the global exports.

[The Rise of India’s Defence Export](#)

The Indian armed forces are one of the most powerful forces in the world comprising three divisions: the Indian Army, Indian Navy and Indian Air Force. The Government of India is responsible for safeguarding the defence of India and its borders. The Global Firepower (GFP) annual defence review assigns ranks to different countries on 50 different factors including manpower, airpower, land forces, naval forces, natural resources, logistics, financials and geography. India emerged as the fourth best country in terms of its power index with a score of 0.0979 (0.0000 being perfect) towards the start of 2022.

India has active military manpower of 1.45 lakhs armed personnel. As of January 2022, the country was equipped with 2,182 aircraft including fixed-wing and rotorcraft platforms. The country also had approximately 4,614 tanks and 12,000 armoured vehicles. However, India has emerged as one of the largest arms importers in the world, accounting for 11% of the total global arms sales globally. Alternatively, India has realised it needs to reduce dependence on defence imports and give more weightage to exports. India was the only country among the top countries of the world which has significantly diminished its reliance on imports in the past few years. The country witnessed a 21% decline in imports during 2017-21 versus 2012-16. This was due to a growing emphasis on indigenous design and manufacturing of defence equipment by the private sector and various state-owned companies.

According to the Ministry of Defence, the country's arms exports have seen a 6x rise since 2014, amounting to Rs. 11,607 crore (US\$ 1.5 billion) during FY 2021-22. This astronomical rise was ascribed to various reforms proposed by the government to scale up defence exports and improve the ease of doing business. The government is ambitious to reach an export target of Rs. 36,500 crore (US\$ 4.8 billion) by 2025. It inked a crucial export deal worth US\$ 375 million (Rs. 2,770 crore) with the Philippines for exporting the Brahmos supersonic cruise missile. This deal is likely to open doors to India's defence exports to various Asian countries such as Indonesia and Vietnam. India is also in talks with some Middle Eastern countries such as the UAE and Saudi Arabia for exporting the Brahmos missile and Akash air defence missiles.

(Source: <https://www.ibef.org/research/case-study/the-rise-of-india-s-defence-exports>)

Trends in the Defence Manufacturing Sector

1. Developing AI based Capabilities :

According to data released by the Department of Defence Production, 68 artificial intelligence (AI) projects in the field of defence have been planned up to March, 2024, with 40 AI projects already completed as on 30 April, 2022.

Key defence manufacturing players are focusing on developing AI-based technologies for their platforms/equipment. E.g. designing and prototyping remotely operated vehicles (ROV), sleep/fatigued operator alert system on dump trucks.

2. Focusing on Supply Chain Management :

Key defence manufacturing players are focusing on supply chain management, for example, HAL implemented the 'Public Procurement Policy' for micro and small enterprises (MSEs) and achieved >25% procurement from MSE Entrepreneurs.

3. Automating Armed Forces Medical Stores Depot

Radio-based telemedicine will connect isolated posts to Regimental Aid Post (RAP). Telemedicine equipment such as 'Portable Physiological Vital Para Monitor (PPVPM)' can ensure efficient operations to aid battlefield nursing assistants.

4. Local designing & development of products

Key defence manufacturing companies are currently focusing on designing and developing various indigenous weapons and essential products to boost domestic manufacturing capabilities and align with Hon'ble Prime Minister's vision of Aatmnirbhar Bharat.

5. Leveraging IT for Efficient Defence Production Operations

Development of an indigenization portal for all defense PSUs and ordnance factories can ensure seamless search experience for stakeholders for processes such as online registration of vendors expressing interest for indigenizing a product

- Indigenously developed Laser-Guided Anti-Tank Guided Missiles (ATGM) were successfully test-fired from Main Battle Tank (MBT) Arjun by Defence Research and Development Organization (DRDO) and Indian Army at KK Ranges with support of Armored Corps Centre & School (ACC&S) Ahmednagar in Maharashtra on 4 August 2022.
- In June 2022, the Ministry of Defense approved the procurement of military equipment and platforms worth Rs. 76,390 crore (US\$ 9.84 billion) from domestic industries
- In June 2022, Ministry of Defence signed a deal for the Astra Mk 1 Beyond Visual Range (BVR) AAM and associated equipment, at a cost of Rs. 2,971 crore (US\$ 382.79 million).
- In order to promote private industry, MSMEs and start-ups in defence production ecosystem, the Ministry of Defence has allocated 25% of domestic capital procurement/ acquisition Budget, amounting to Rs 21,149.47 crore (US\$ 2.72 billion), for domestic private industry in FY2022-23
- Under Mission Raksha Gyan Shakti, 1391 Intellectual Property Rights (IPRs) (until 31 May, 2022) have been granted/registered by the Indian Patent office
- The government has established two Defence Industrial Corridors(DICs) in the country, one in Uttar Pradesh called the Uttar Pradesh Defence Industrial Corridor (UPDIC) and the other in Tamil Nadu called the Tamil Nadu Defence Industrial Corridor (TNDIC), with the goal of attracting Rs 10,000 crore (US\$ 1.31 billion) in investment in each
- In November 2021, Defence Acquisition Council (DAC) boosted the 'Make in India' initiative by according Acceptance of Necessity (AoN)— to capital acquisition proposals worth Rs. 7,965 crore (US\$ 1.07billion) — for modernization and operational needs of armed forces
- In August 2021, Defence Minister, Mr. Rajnath Singh, approved the launch of Defence Testing Infrastructure Scheme (DTIS) with an outlay of Rs. 400 crore (US\$ 54 million) to create state-of-the-art testing infrastructure and boost domestic defence &aerospace manufacturing.
- The five-year scheme is predicted to set up 6-8 new test facilities in partnership with private industries and facilitate indigenous defence production
- The projects under the scheme will be given up to 75% government funding in the form of 'Grant-in-Aid'. The remaining 25% of the project cost will be borne by a Special Purpose Vehicle (SPV)comprising members from Indian private entities and state governments
- According to official sources, India is set to finalise a long-conceived proposal to procure 30 multi-mission armed Predator drones from the US for the three services — Army, Navy, Air force at an estimated cost of ~US\$ 3 billion (~Rs. 22,000 crore)

Strategies Adopted

1. Innovation in Defence Manufacturing

Indian defence tech start-ups are developing innovative solutions such as automated robots, individual protection systems, navigation systems and drones, among others to increase effectiveness of the armed forces and enhance overall technological capabilities

On May 17, 2021, the Defence Ministry unveiled the first batch of anti-COVID drug, 2-deoxy-D-glucose(2-DG) developed by the Institute of Nuclear Medicine and Allied Sciences (INMAS), a lab of Defence Research and Development Organisation(DRDO), along with Dr. Reddy's Laboratories(DRL), Hyderabad.

2. Digital Technologies

To increase efficiency, the Indian government is focusing on adding digital technologies in operations in the defence sector.

Union Defence Minister, Mr. Rajnath Singh, launched a web portal to boost opportunities for the 'Make in India' initiatives in the defence sector via video conferencing, as a part of 'Atmanirbharta Saptah'.

Bihar's Defence Production Unit launched an indigenous online portal for defence items, components and spares to attract vendors.

3. Leveraging Strategic Partnerships to Build Capabilities

To increase overall capabilities, Indian defence companies are focusing on leveraging long-term strategic partnerships with the global equipment manufacturers to seek technology transfer.

For example, India plans to build six conventional submarines for the Indian Navy to narrow the gap with China's growing naval competencies.

In June 2021, BEL signed an agreement with the Indian Navy to build emerging technologies in the areas of quantum computing, artificial intelligence and robotics.

4. Procurement Of Military Hardware & Software

The Indian government is procuring military hardware and software to improve firepower in the Indian Navy and enhance capabilities to perform against fast manoeuvring targets such as missiles and 'Fast Attack Crafts'.

In February 2021, Ministry of Defence(MoD) and Defence Public Sector Undertaking (DPSU) Bharat Electronics Limited (BEL) signed a contract for procurement of Software Defined Radio Tactical (SDR-Tac) worth Rs. 1,000crore (US\$ 137.50 million).

In September 2020, the Indian defence acquisition guidelines underwent a change, permitting the Indian Army to temporarily lease hardware as opposed to buying equipment outright. This change is aimed at managing costs.

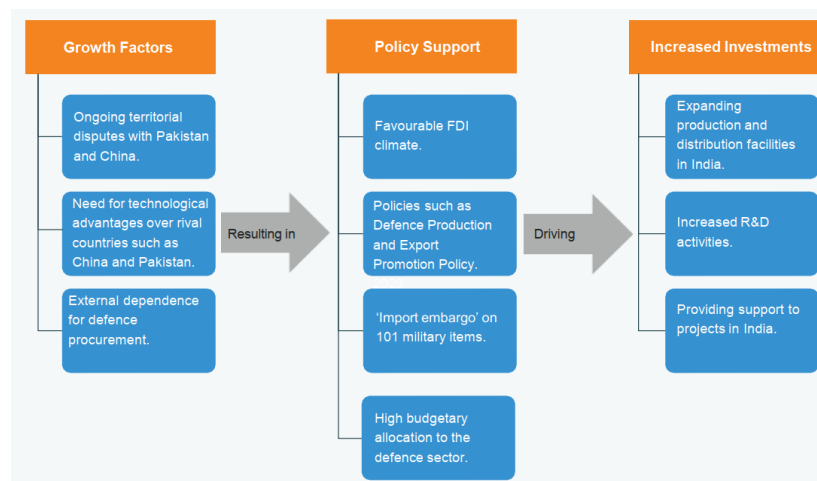
Recent Developments & Investments

The Indian Defence Manufacturing sector has seen some major investments and developments in the recent past.

- India's defence manufacturing sector recorded increased production to US\$ 11.85 billion in FY22 from US\$ 10.9 billion in FY21.
- India's defence production stood at Rs. 17,885 crore (US\$ 2.24 billion) in FY 2022-23 (until 1 August, 2022)
- Defence production by PSUs stood at Rs. 10,831 crore (US\$ 1.36 billion) in FY 2022-23 (until 1 August, 2022)
- The 3rd Edition of Vietnam India Bilateral Army Exercise "Ex VINBAX 2022" is scheduled to be conducted at Chandi mandir from 1-20 August 2022.
- In June 2022, the Ministry of Defence approved the procurement of military equipment and platforms worth Rs. 76,390 crore (US\$ 9.84 billion) from domestic industries.
- Foreign Direct Investment (FDI) equity inflow in the defence sector for April 2000-March 2022 stood at US\$ 12.51 million, as per data released by the Department for Promotion of Industry and Internal Trade (DPIIT).
- Hindustan Aeronautics Limited (HAL) and Bharat Electronics Limited (BEL) signed a contract for the co-development and co-production of the Long Range Dual Band Infra-Red Search and Track System (IRST) for the Su-30 MKI under the MAKE-II procedure of Defence Acquisition Procedure (DAP) 2020 as a part of the Make in India initiative.
- India and Japan have agreed to enhance bilateral security and defence cooperation, including in the area of defence manufacturing in May 2022.
- The Start-up Incubation and Innovation Centre, IIT-Kanpur (SIIC IIT-Kanpur) recently signed an MoU with Defence Innovation Organization (DIO) to nurture and support start-ups and SMEs in the defence sector through its flagship programme iDEX Prime.
- HAL has built and delivered more than 150 military Do-228 and to a variety of customers. HAL has also constructed two civilian Do-228 aircrafts.
- In November 2021, Raksha Mantri, Mr. Rajnath Singh, inaugurated the first private operationalized defence manufacturing facility in the Uttar Pradesh Defence Industrial Corridor (UPDIC), in Lucknow. The facility operated by Aerolloy Technologies — a wholly owned subsidiary of PTC industries — will manufacture parts for aircraft and helicopter engines, structural parts for aircrafts, drones and UAVs, submarines, ultra-light artillery guns, space launch vehicles and strategy systems.
- In November 2021, to demonstrate the growing India-Israeli technological cooperation, the Defence Research and Development Organization (DRDO), India and Directorate of Defence Research and Development (DDR&D), Ministry of Defence, Israel, entered a Bilateral Innovation Agreement (BIA) to promote innovation and R&D in start-ups and MSMEs of both countries for development of dual use technologies.

- The Defence Research & Development Organization (DRDO) and Indian Air Force (IAF) successfully flight tested two indigenously-developed smart anti-airfield weapons in November 2021.
- The 11th Defence Technology and Trade Initiative (DTTI) Group meeting between India and the United States (US) was held virtually on November 09, 2021. The aim of the DTTI Group is to focus on a bilateral defence trade relationship and create opportunities for co-production and development of defence equipment.
- In November 2021, the Indian Army signed an MoU with the Bhaskaracharya National Institute for Space Applications and Geo-Informatics (BISAG-N), Gandhinagar, Gujarat.
- The 12th edition of DefExpo, India’s flagship event showcasing land, naval, air and homeland security systems will be held in Gandhinagar, Gujarat, from March 10 to March 13, 2022. The aim of DefExpo-2022 is to build and achieve ‘Aatmanirbharta’ (self-reliance) in defence and increase defence exports to US\$5 billion by 2024.
- To boost the Indian Government’s ‘self-reliant’ India initiative in June 2021, Defence Minister, Mr. Rajnath Singh, approved the budgetary funds worth Rs. 498.8 crore (US\$ 66.83 million) to Innovations for Defence Excellence (iDEX), a Defence Innovation Organization (DIO) for the next five years.

Growth Drivers for Defence Manufacturing In India



1. Growth Factors

Demand for defence equipment in India has been growing due to the ongoing territorial disputes with Pakistan and China over the ownership of the Northern State of Kashmir and the North Eastern State of Arunachal Pradesh, respectively. Over the last five years, India has been ranked among the top importers of defence equipment to gain technological advantages over rival countries such as China and Pakistan.

The government is focusing on strengthening border infrastructure to enhance the country’s security. In line with this, in June 2021, Defence Minister, Mr. Rajnath Singh announced the introduction of 63 bridges, established by Border Roads Organisation (BRO), in six states and two union territories (UTs).

2. “Import Embargo” on 101 Military Items

Defence ministry plans to put 101 defence items (artillery guns and assault rifles) under import embargo to offer potential military hardware manufacturing opportunities to the Indian defence industry.

The defence ministry estimates potential contract worth ~Rs. 4 lakh crore (US\$ 57.20 billion) for the domestic industry in the next 5-7years (2025-2027)

3. Capital Procurement

In order to support domestic defence manufacturing, the Indian armed forces are projected to spend ~US\$ 130 billion in capital procurement in the next five years (2021-2026).

4. Defence Policy Support

As part of efforts to promote the domestic defence industry, the ministry has separated the capital procurement budget for 2020-21 between domestic and foreign capital procurement routes.

The government has established two Defence Industrial Corridors (DICs) in the country, one in Uttar Pradesh called the Uttar Pradesh Defence Industrial Corridor (UPDIC) and the other in Tamil Nadu called the Tamil Nadu Defence Industrial (TNDIC), with the goal of attracting Rs 10,000 crore (US\$ 1.31 billion) in investment in each corridor

5. Defence Production and Export Promotion Policy 2020

Government formulated the 'Defence Production and Export Promotion Policy 2020' to provide impetus to self-reliance in defence manufacturing under the 'Aatmanirbhar Bharat' scheme.

The ministry aims to achieve a turnover of Rs. 1 lakh 75 thousand crore (US\$ 25 billion), including an export of Rs. 35 thousand crore (US\$ 5 billion) in the aerospace and defence goods and services by 2025.

6. FDI in Defence Manufacturing

- FDI inflows in the defence industries reached US\$ 12.51 million between April 2000-March 2022.
- To increase defence manufacturing in India and make the country a reliable weapon supplier to friendly countries, the Indian government allowed the following FDI limits in September 2020.
- For new licensees - FDI allowed up to 74% through automatic route; FDI beyond 74% would need to be permitted under the Govt. route.
- For existing Licensees - Infusion of new foreign investments up to 49% can be added by making declarations of change/transfer within 30 days.

7. Skill Development

India established a state-of-the-art skill development centre with a focus on promoting applied research for development of materials used in aerospace, defense, nuclear, space and other strategic weapons

8. Green Channel Status Policy (GCS)

- The Government of India has launched numerous policies to facilitate 'ease of doing business' and promote the 'Make in India' mission, with special focus on defence manufacturing. Many established manufacturers are keen to enter into Defence manufacturing sector through various opportunities created by Government policies. Green Channel Policy from Ministry of Defence is aimed to promote 'Make In India' with reference to Defence manufacturing.
- By end of 2020, green channel status was granted to 14 firms.

Opportunities in the Defence Manufacturing

1. Make in India Initiative

Government's emphasis on 'Make in India' initiative in the Defence sector provides huge opportunities for domestic players to enhance their indigenisation efforts. The government is also inviting foreign players to invest in India and capitalise on the 'Make in India' opportunity. In June 2021, Defence Minister, Mr. Rajnath Singh, invited Swedish companies to invest in defence corridors in Uttar Pradesh and Tamil Nadu. In July 2021, the Ministry of Defence announced that the Tamil Nadu and UP governments have acquired land (>450 hectares) to establish two defence industrial corridors.

2. Government Policy Support

Indian government policies to promote self-reliance in defence manufacturing under the Aatmanirbhar Bharat Scheme E.g., 74% FDI in defence manufacturing, 'Import embargo' on 101 military items and Defence Production and Export Promotion Policy 2020.

3. Self-reliance Target

The Defence Ministry has set a target of 70% self-reliance in weaponry by 2027, creating huge prospects for industry players.

4. Start-up India.

Indian government push for start-ups in India and collaborations to develop innovative solutions gives potential growth opportunity for the defence production in terms of operational capabilities. 25% of the defence R&D budget is set out for private sector and start-ups.

The Start-up Incubation and Innovation Centre, IIT-Kanpur (SIIC IIT-Kanpur) recently signed an MoU with Defence Innovation Organisation (DIO) to nurture and support start-ups and SMEs in the defence sector through its flagship programme iDEX Prime

5. Technological Modernisation via Public Private Partnership

Indian military's technological modernisation via public private partnership with the Indian IT companies such as Tech Mahindra, Tata Consultancy Services (TCS), Wipro and HCL for intelligence analysis and enhancing military readiness

Government's effort on technological modernisation of defence manufacturing

1. Under Up gradation Of Facilities

Pinaka Rocket Complex at Ordnance Factory Chanda began upgrading facilities to meet enhanced requirements of Pinaka and other rockets. • Modernisation of facilities at OLF Dehradun will serve the purpose of manufacturing of high-end optoelectronic products for T-90 tanks. • GRSE enhanced capabilities at its Raja Bagan Dockyard to meet production requirement for the ongoing prestigious P17A project

2. Indigenous Helicopter Development Program

In April 2021, Defence Research and Development Organisation (DRDO) developed single crystal blades technology and supplied 60 of these blades to Hindustan Aeronautics Limited (HAL), as part of their indigenous helicopter development programme, for helicopter engine application

3. Industrial Design Centre

BEML established an 'Industrial Design Centre' at Bengaluru as a part of its new infrastructure creation, focusing on industrial designs and human factors as a part of developmental strategies. It is proposed to develop this facility as a national facility and would be offered to the industry in the next stage

4. New Infrastructure And Technology

There are plans to establish new infrastructure including a defence park in Kerala to manufacture defence equipment for forces. The project is aimed at promoting MSMEs and boosting 'Make in India' initiative in defence manufacturing.

In June 2021, the Ministry of Defense signed an agreement with Goa Shipyard Ltd. (GSL) for building two Pollution Control Vessels (PCVs) for the Indian Coast Guard (ICG) at an estimated cost of ~Rs. 583 crore (US\$ 78.11 million).

(Source : <https://www.ibef.org/industry/defence-manufacturing>)

Government Initiatives

To promote self-reliance in defence manufacturing it is necessary to develop robust government policies.

In the Union Budget 2022-23:

- Ministry of Defence has been allocated Rs 5,25,166 crore (US\$ 67.66 billion)

- This includes expenditure on salaries of armed forces and civilians, pensions, modernization of armed forces, production establishments, maintenance, and research and development organizations.
- The allocation to the Ministry of Defence is the highest (13%) among all ministries of the central government.
- Under Mission Raksha Gyan Shakti, 1391 Intellectual Property Rights (IPRs) (until 31 May, 2022) have been granted/registered by the Indian Patent office.
- Indigenously developed Laser-Guided Anti-Tank Guided Missiles (ATGM) were successfully test-fired from Main Battle Tank (MBT) Arjun by Defence Research and Development Organization (DRDO) and Indian Army at KK Ranges with support of Armoured Corps Centre & School (ACC&S) Ahmednagar in Maharashtra on August 04, 2022.
- According to data released by the Department of Defence Production, 68 artificial intelligence (AI) projects in the field of defence have been planned up to March, 2024, with 40 AI projects already completed as on 30 April, 2022.
- In order to promote Private Industry, MSMEs and Start-ups in defence production ecosystem, the Ministry of Defence has allocated 25% of domestic capital procurement/ acquisition budget, amounting to Rs. 21,149.47 crore (US\$ 2.72 billion), for domestic private industry in FY 2022-23.
- The government has established two Defence Industrial Corridors (DICs) in the country, one in Uttar Pradesh called the Uttar Pradesh Defence Industrial Corridor (UPDIC) and the other in Tamil Nadu called the Tamil Nadu Defence Industrial Corridor (TNDIC), with the goal of attracting Rs. 10,000 crore (US\$ 1.31 billion) in investment in each.
- In November 2021, Defence Acquisition Council (DAC) boosted the 'Make in India' initiative by according Acceptance of Necessity (AoN) — to capital acquisition proposals worth Rs. 7,965 crore (US\$ 1.07 billion) — for modernization and operational needs of armed forces.
- On October 15, 2021, Prime Minister, Mr. Narendra Modi, dedicated the seven defence public sector undertakings (PSUs)—created through the restructuring of the Ordnance Factory Board (OFB)—to improve functional autonomy, efficiency, growth potential and innovation in the defence sector.
- Government formulated the 'Defence Production and Export Promotion Policy 2020' to provide impetus to self-reliance in defence manufacturing under the 'Aatmanirbhar Bharat' scheme.
- To increase defence manufacturing in India and make the country a reliable weapon supplier to friendly countries, the Indian government allowed the following FDI limits in September 2020. For new licensees - FDI allowed up to 74% through automatic route; FDI beyond 74% would need to be permitted under the Govt. route. For existing Licensees - Infusion of new foreign investments up to 49% can be added by making declarations of change/transfer within 30 days.
- Defence ministry plans to put 101 defence items (artillery guns and assault rifles) under import embargo to offer potential military hardware manufacturing opportunities to the Indian defence industry.
- In February 2020, Defence Minister Mr. Rajnath Singh at Aero India 2021 announced to reduce defence imports by at least US\$ 2 billion by 2022.
- The defence ministry estimates potential contract worth ~Rs. 4 lakh crore (US\$ 57.2 billion) for the domestic industry in the next 5-7 years (2025-2027).

Government Strategy from Pin to Piano

Earlier we were dependent for minor parts and routine maintenance cost was high, now due to Indigenization, routine costs have reduced. India is a vast economy with lot of resources in terms of men, steel, iron, land etc and it is very minimal in Defense exports



(Source: Company Management Understanding of Sector movements)

Road Ahead

- The Indian government is focusing on innovative solutions to empower the country's defence and security via 'Innovations for Defence Excellence (iDEX)', which has provided a platform for start-ups to connect to the defence establishments and develop new technologies/products in the next five years (2021-2026). Working through partner incubators, iDEX has been able to attract the start-up community to participate in the Defence India Start-up Challenge (DISC) programme.
- In an effort to boost the defence sector and increase the infusion of FDI, the government in September 2020 revised the regulations and permitted FDI under the automatic route up to 74% and 100% through the government route in any area, where it is likely to provide access to contemporary technologies. The Defence Ministry has set a target of 70% self-reliance in weaponry by 2027, creating huge prospects for industry players.
- Green Channel Status Policy (GCS) has been introduced to promote and encourage private sector investments in defence production to promote the role of private sector in defence production. Given the government's emphasis on easing restrictions on foreign investment in order to achieve India's goal of an "Atmanirbhar Bharat," the growth trajectory of the Indian defence sector remain strong

(Source: <https://www.ibef.org/industry/defence-manufacturing>)

Naval Defence Manufacturing Sector

Naval systems are inherently technology intensive and require substantial investment of time, money and resources. The Indian industry, including the private sector, therefore, needs to play its role in meeting needs of the Indian Navy.

In the past, the Indian Navy has had to acquire military technology through import from diverse sources. Requisite expertise also had to be created for their operation and maintenance. This option had to be exercised since our own research organisations and industry had not developed any major military systems within reasonable time frame to reach technological relevance in the domain of warfare. This lack of credible R&D in military sciences and technologies, inadequate amalgamation between R&D and manufacturing sector, near absence of an integrated approach amongst users, designers and manufacturers have been some of the important reasons for our inability to achieve satisfactory levels of self-reliance in the defence technologies. Further, issues such as unviability view economy of scales and technology-denial

regimes, etc., have also been major factors affecting the development and manufacturing of home grown military technology and equipment

As a long term strategy we need to identify need-based functional domains and relevant technologies required for the next 15 years (ie.,2015 – 2030) so as to channelize the indigenous efforts to accomplish self-reliance in the domain of cutting-edge defence technologies. Indian Navy's Directorate of Naval Design has designed over 80 ships since the commencement of indigenous ship building programme in the 1970s and 48 state-of-the-art ships and submarines are under construction in Indian shipyards, both public and private, as on date. However, there is still a need to evolve a sound plan for technology development and production mechanism for complex shipborne systems. Therefore, the Indian Navy has embarked upon development of shipborne systems through two routes; one to harness the R&D potential at DRDO and the other through 'Transfer of Technology (ToT)' with industry partners. Over a period of time, while the technology absorption has matured in certain areas, a large gap still exists in the development of critical technologies, viz., system engineering, materials, hi-tech components and advanced manufacturing processes.

The role of the indigenous industry in the defence manufacturing sector cannot be over emphasized. The entire industrial might of the country, whether it is the public sector, the Defence Public Sector Units(DPSUs), the large private industries or Medium, Small and Micro Enterprises (MSMEs), needs to partner to achieve the goal of self-reliance of the Indian Navy. They should become the stakeholders of the plan and provide not only the needed technical knowhow and share their vast manufacturing experience, but also bring the IN's concepts and proposed capability to fruition in the form of world class defence hardware that would serve the needs of the Indian Navy.

Commitment to self-reliance through indigenous development is a subject of the larger goal of combat readiness. Therefore, till indigenous equipment is available, we have to continue with the acquisition programme to meet our specific and current operational requirements so as to constantly remain battle worthy. Simultaneously, for the short-term requirements, we have to depend on the current indigenous efforts, and use the available technologies and effect marginal improvements wherever available.

Submarine Equipment & Systems

Submarine equipment, being much more stringent in material specifications, has had limited success towards indigenisation. However, in the recent years, support from industry has been a crucial factor in development of various systems and equipment for use onboard submarines. The support has come forth from across the industry spectrum, right from large industrial houses to smaller MSME, and has been an encouraging factor in the efforts of Navy.

Categorization of Ship's Equipment

The ship-building materials, equipment and systems onboard an India warship/submarine can be classified into the following three categories:-

- (a) **Float.** This category encompasses all materials, equipment and systems associated with the hull structures and fittings.
- (b) **Move.** Equipment under this category encompasses propulsion system and power generation diesel/ gas/ steam turbine engines, alternators, associated control systems (Integrated Platform Management System/ Automatic Power Management System), auxiliary mechanical systems like Pumping and flooding, HVAC, Firefighting Systems and other ship systems including general electrical equipment.
- (c) **Fight.** Equipment under this category encompasses all types of ship borne weapons and sensor systems that directly improve upon the combat capability of the ship.

Main Areas Where India is Facing Capability Gaps

As brought out above, India has been able to achieve about 90% indigenisation in the 'FLOAT' category, followed by about 50-60% in 'MOVE, category depending upon the type of propulsion. However, in the 'FIGHT' category we have achieved only about 30% indigenisation. Some of the major equipment where there has not been satisfactory progress are the weapons & sensors, propulsion systems (especially Gas Turbines), Marine Diesel Engines for main propulsion and Gear Boxes under 'MOVE' category, which are imported presently and holds much scope for indigenisation.

India is working closely with DRDO, DPSUs like BEL and Private Sector to bridge this capability gap, and a number of projects are underway for indigenous development of weapon & sensors as well as propulsion system controls.

About Us

CFF has been a leading player in serving the Indian Defence Industries for more than a decade. Originally established as Mechanical Components Manufacturer, the company has successfully transformed itself into a System Integrator specializing in complex engineering systems for various manned and unmanned platforms within the Indian Navy.

The company excels in the bespoke design, manufacturing, and maintenance of Mechanical Equipment and systems specifically crafted for the unique demands of the defense sector.

Benefiting from over two decades of collective expertise in the defense manufacturing space, the company's promoters and affiliated entities bring a wealth of experience to the organization. The company's inception was driven by the imperative to create a dedicated entity singularly focused on fulfilling the evolving technological requirements of the Indian Navy.

Product Range

CFF has an extensive product range that encompasses the manufacturing and integration of critical components and equipment for both submarines and surface ships. These include but are not limited to:

- Weapon systems (torpedo tubes and fire control systems)
- Platform Control Systems
- Steering gear
- Propulsion Systems
- High-Pressure Air Systems
- Hydraulics Systems
- Sea Water Systems
- Ventilation Systems
- Exhaust Systems
- Infra-Red Suppression Systems
- Fire-Fighting Systems
- Pumps, valves, and other system components
- Breathing and Diving Air Systems
- Integrated Platform Management Systems

Core Expertise

CFF's core expertise is product design, underscored by a framework agreement with prime collaborators. This agreement bestows exclusive rights from the Indian Navy for the procurement of items and spares related to the products they manufacture. The company's commitment and adherence to the most stringent specifications is further validated by the qualifications and approvals they have.

CFF specializes in system design and integration, providing turnkey solutions for naval ships and submarines in strict accordance with Indian Navy specifications. The Company's capabilities also extend to rapid prototyping and precision manufacturing, enabling it to innovate and prototype advanced stealth systems for naval ships.

The company's repair and refit division facilitates the longevity and operational readiness of naval ships and submarines. From mechanical to electrical systems, communication, navigation, and weapon system repairs, CFF's teams are present in shipyards and naval dockyards across the nation.

Partners

Notably, CFF's collaboration with Nereides, France, involves the installation, testing, commissioning, and life cycle maintenance support for critical underwater communication equipment. This partnership holds a monopoly in the field and plays a pivotal role in submarine operations, providing the sole mode of communication when submerged.

Esteemed Customers

CFF proudly serves a roster of esteemed customers, including Mazgaon Dock Shipbuilders Limited (MDL), Naval Dockyard Mumbai (NDM), Material Organization Mumbai and Karwar, Naval Ship Repair Yard Karwar (NSRY, Karwar), Goa, Naval Group France, Integrated Headquarters Navy Delhi, DRDO Special Projects Delhi, and Material Organization Vizag (MO, Vizag).

The Company's journey commenced with the signing of a pivotal Transfer of Technology (TOT) agreement with Coyard SAS France, tailored for the design, manufacture, and supply of Mechanical Components exclusively for the Scorpene submarine program. Subsequently, the TOT garnered official approval from relevant authorities, culminating in the granting of a license to produce mechanical components solely for the Scorpene Submarine Program.

The TOT agreement has now concluded, and consequently, the company has transitioned to manufacturing these components independently. In recognition of the invaluable expertise gained through the TOT, the company now pays royalties to the Naval Group for the continued use of their technology and knowledge.

The company's facility is strategically located in Khopoli, Maharashtra, sprawling across 6,000 square meters, boasts an impressive array of cutting-edge machinery and comprehensive testing facilities. It proudly bears the stamp of approval from the Indian Navy, MDL, and Naval Group (France), accompanied by ISO 9001:2015 certification, serving as a testament to the unwavering commitment to maintaining the highest standards of quality management systems.

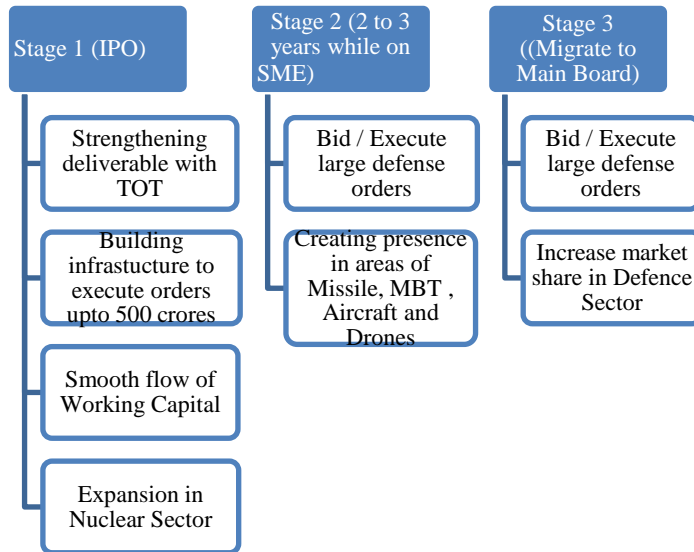
The company's contributions extend to pivotal projects within the defense sector, encompassing the supply and servicing of equipment exclusively tailored for renowned submarines across classes:

- SSK Class Submarine
- Kalveri Class Submarine
- Kilo Class Submarine

CFF's commitment to delivering critical component systems and cutting-edge technology ensures that the Company continues to meet the evolving requirements of the Indian Navy and contribute to the nation's defense capabilities.

Long Term Vision

The Company successfully completed its IPO in June 2023, raising approximately Rs. 85.8 cr.



Stage 1 (IPO): In this initial stage, the company is dedicated to enhancing its capabilities through the funds raised. This includes strengthening its deliverables through strategic Transfer of Technology (TOT) agreements. Simultaneously, the company is investing in building robust infrastructure to efficiently execute orders. Ensuring a smooth flow of working capital is a top priority, and expansion into the Nuclear Sector is actively pursued.

Stage 2 (2 to 3 years while on SME): Transitioning into the next phase, the company is poised to actively participate in large naval orders, focusing on both bidding for and executing these contracts. A strategic objective is to establish a prominent presence in critical areas such as Missiles, Main Battle Tanks (MBT), Aircraft, and Drones.

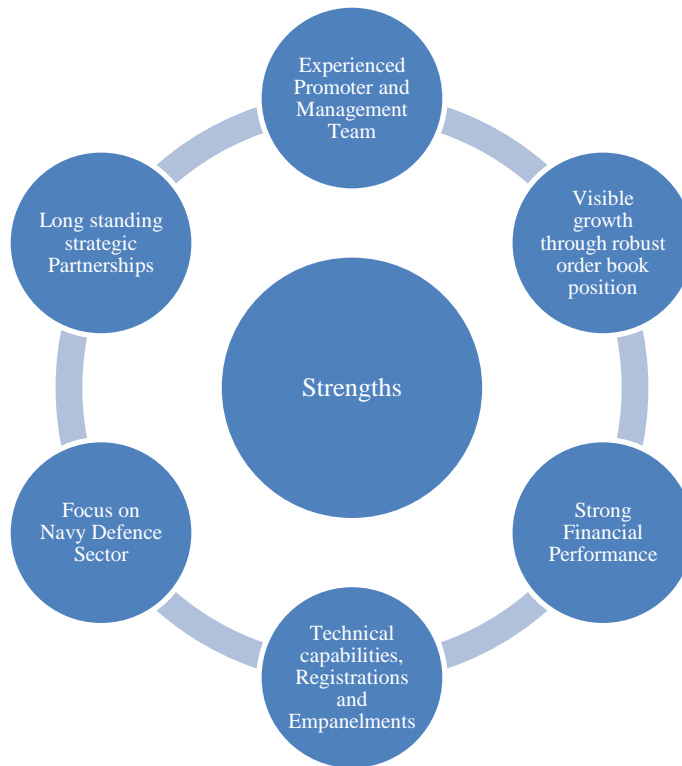
Stage 3 (Migrate to Main Board): As the company progresses towards migration to the Main Board, it shall continue to emphasize on bidding for and executing substantial Navy defense orders. A pivotal goal in this stage is to significantly enhance its market share within the Defense Sector.

Enablers for Success: The Company recognizes several key enablers to achieve its vision. These include forging more strategic defense tie-ups to leverage expertise and resources. Investing in Research and Development (R&D) initiatives is seen as pivotal to drive innovation and stay competitive. Active participation in the "Make in India" initiative aligns with the company's commitment to domestic manufacturing. Additionally, the company is actively seeking more empanelment opportunities to expand its reach. Leveraging India's vision to become a defense manufacturing hub is another strategy to enhance its growth prospects.

Promising Opportunities: The Company is actively exploring diverse avenues for growth with a strong focus on seizing significant opportunities within the Indian Naval sector. It is strategically positioning itself to capitalize on the substantial potential within this space. Furthermore, the company remains committed to expanding its product portfolio, catering specifically to the needs of defense-related shipbuilders and submarine manufacturers across India, especially through TOT partnerships. This strategic approach reflects the company's dedication to enhancing its presence and contributions within the defense industry, in alignment with its long-term growth vision.

This also aligns with the company's aim to deliver value to all stakeholders.

Strengths



Experienced Promoters and Management Team: The Company's Promoters and senior management team collectively possess significant industry experience, serving as instrumental drivers of the organization's recent high growth trajectory. With more than three decades of business experience, including over two decades dedicated to the defense sector, the Promoters bring valuable expertise. They are complemented by a well-educated and experienced professional management team, whose combined capabilities empower the company to comprehend and anticipate market trends, manage business operations and growth, leverage customer relationships, and adapt to changing customer preferences. The company remains committed to capitalizing on the wealth of knowledge within its management team and their deep industry insights to seize both current and future market opportunities, aligning with its overarching growth strategy.

Strong Financial Performance: The Company's financial performance over the analyzed period underscores a journey of growth and resilience. Notably, in 2023, the company achieved a significant milestone with revenue from operations reaching Rs. 70.66 crores, showcasing substantial increase from Rs. 46.99 crores in 2022, representing a year-on-year growth of approximately 50.39%. Furthermore, Profit after Tax (PAT) for 2023 surged to Rs. 10.13 crores, surpassing the figure of Rs. 7.73 crores in 2022, reflecting an impressive year-on-year growth of approximately 31.07%. This growth demonstrates the company's ability to not only navigate challenges but also capitalize on opportunities, consistently enhancing shareholder value. Such growth solidifies the company's position as a dynamic player, poised for future success in the ever-evolving business landscape.

Technical Capabilities, registrations and empanelments: The Company has secured essential certifications and registrations with various valued clients, facilitating regular business transactions. These encompass esteemed entities like Defence PSU shipyards, including Mazagaon Dockyard and Shipbuilders Limited (MDL), as well as Naval Dockyards located in Mumbai, Visakhapatnam, and Karwar. Furthermore, the company is active in the process of registration with prominent

organizations such as Garden Reach Shipbuilders and Engineers (GRSE), Hindustan Shipyard (HSL), and Cochin Shipyard Limited (CSL).

For the range of equipment manufactured and serviced by CFF, the company holds the prestigious designation of Authorized Equipment Manufacturer accredited by the Indian Navy. This esteemed status not only enables the company to secure repeat orders and spares for these items as required but also positions it as a key strategic sourced vendor for repair services to the Indian Navy. The company proudly serves as the Authorized Equipment Manufacturer for Mechanical Equipment for Scorpene submarines and Underwater communication equipment for Scorpene Submarines.

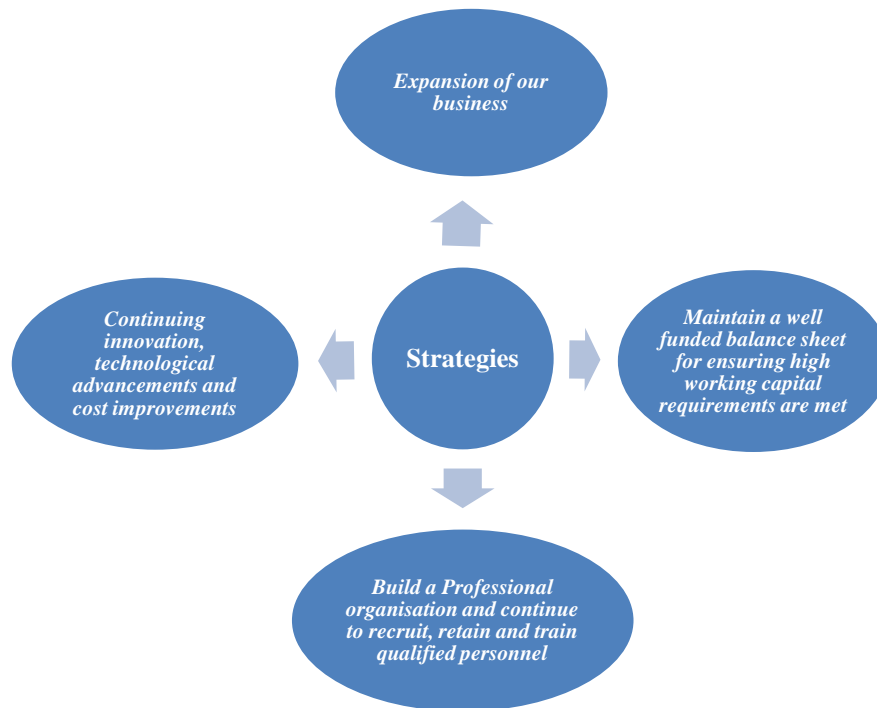
The Authorized Equipment Manufacturer status and the associated framework agreements ensure business continuity for the entire life cycle of the Scorpene submarines, a significant advantage in the defense manufacturing realm. These technical capabilities, registrations, and empanelment collectively fortify the company's competitive edge, positioning it favorably for future endeavors in the sector.

Focus on Navy Defence Sector: In the realm of defense, where national safety and the country's reputation are paramount, the Indian Navy plays a pivotal role. The defense industry adheres to a rigorous framework of procedures, rules, and regulations, aligning with the Government of India's mission to transform the nation into a manufacturing hub. Precision is non-negotiable as stringent technical standards are essential for equipment to endure extreme conditions. This intricate manufacturing process demands a deep understanding of requirements, meticulous prototyping, and a highly skilled workforce proficient in various materials. Ensuring utmost confidentiality in design and delivery is imperative. Empanelment and onboarding with the Indian Navy typically entail a three-year journey, culminating in approval as a trusted vendor for equipment specially designed and manufactured. Subsequently, the company assumes responsibility for supplying and maintaining critical components throughout the entirety of naval operations, exemplified by the 30-year life cycle support of various classes of submarines. This strategic alignment establishes the company as the preferred choice vendor for the Indian Navy, driving the creation of enduring, value-driven partnerships.

Long standing strategic Partnerships: CFF has cultivated enduring strategic alliances with foreign manufacturers, thoughtfully selecting partners who provide technology not readily available in India but crucial for the Indian Defense Industry. Key collaborations include M/s Nereides.

Nereides, a French company specializing in Towed Wire Antenna manufacturing, has entered into an agreement with CFF for technology transfer, process development, and the production of Towed Wire Antennae for the Indian Navy, along with potential exports to foreign markets.

[Strategies](#)



Expansion of the Company's Business - The Company currently operates a manufacturing facility located at Plot No. 1, Survey No. 96, Village Kumbhivali, Khalapur, Khopoli (E), Raigad- 410202, India. With an unexecuted order book of Rs. 9,004.00 lakhs, there is a pressing need for advanced plants and equipment to ensure timely order fulfillment. The existing plant and equipment may not suffice for this purpose. Consequently, the company is exploring investments in cutting-edge machinery from both domestic and international vendors. To facilitate this endeavor, liquid funds are essential.

To support the expansion and ensure punctual delivery of customer orders, substantial capital expenditure will be incurred at the manufacturing facility.

As part of a strategic investment move, the company has initiated Letter of Intent (LOI) agreements with firms specializing in niche technologies, such as underwater communication—an exceptional technology offered by M/s Nereides. These LOIs enable technology transfer, process development of Towed Wire Antenna (TWA), and invaluable support for product development.

The company has formalized an agreement for the domestic manufacturing of TWA in India. The Transfer of Technology (TOT) required for this endeavor will be obtained from partners such as Nereides. This technology transfer will encompass vital know-how, and relevant Intellectual Property rights, facilitating the manufacturing and supply of TWA systems to the Indian Navy and the global market.

Maintaining a Well-Funded Balance Sheet for High Working Capital Requirements - Given the company's primary clientele, which includes the Indian Navy and its Original Equipment Manufacturers (OEMs), it is essential to address the industry-standard practice of extended credit periods, often exceeding 3 to 4 months from the billing cycle. Consequently, a significant portion of the company's funds becomes tied up in long-gestation work-in-progress inventories. Success in this business hinges on the ability to ensure the availability of interest-free working capital. This is crucial for maintaining a seamless flow of sales and goods for production, alleviating the need to rely heavily on debt financing.

As a strategic move to secure the Company's future competitiveness, CFF successfully raised funds through an Initial Public Offering (IPO). This initiative was aimed at ensuring the company's working capital-intensive operations remain adequately funded over the long term.

Fostering Professionalism and Nurturing Talent - The Company is a professionally run organization, which is essential for sustained growth beyond a certain scale. Over the upcoming years, there is a dedicated effort to minimize dependence on the promoters and establish a self-sustaining, professionally managed entity.

To achieve this goal, the company is actively exploring several strategies. One key initiative involves the engagement of external consultants and experts. These individuals will play a crucial role in facilitating connections with policy makers, industry luminaries, and other pivotal stakeholders within the company's domain. This approach is intended to enhance the company's industry presence, expand its network, and enable early identification of business opportunities. Furthermore, it aims to strengthen the development of robust systems and processes, propelling the company to a higher level of governance.

Recognizing that the company's growth is intrinsically tied to its ability to attract and retain experienced, motivated, and well-trained professionals, there is a comprehensive plan in place. This plan encompasses the recruitment, retention, and ongoing training of highly qualified and skilled personnel.

Additionally, the company is committed to empowering its management leadership by decentralizing operational decision-making. This approach allows those closest to the operational pulse of each plant to make informed decisions that align with the specific business needs of their respective locations.

Moreover, the company places great emphasis on knowledge sharing and cross-location collaboration, encouraging the dissemination of best practices across different facilities. This cooperative approach enriches the company's knowledge base and fosters continuous improvement.

Sustaining Innovation, Technological Advancements, and Cost Efficiencies - Within the company's operational framework, three pivotal pillars stand tall: continuous innovation in manufacturing processes, technological advancements, and ongoing cost improvements. These pillars collectively underpin efforts to enhance operational performance.

The company's proficient and technically adept teams are dedicated to a core principle: the optimization of resources to minimize wastage and maximize resource utilization. This principle extends to all facets of the company's operations, encompassing raw materials, energy consumption, and facility utilization. The pursuit of optimal resource utilization is considered instrumental in driving innovative process enhancements and, consequently, cost reductions.

Furthermore, the company is poised to leverage cutting-edge technology and machinery to uphold its commitment to delivering high-quality and competitively priced products. This commitment is underpinned by a strategy of regular technology and machinery upgrades within the manufacturing process. These proactive measures are designed to ensure that the company consistently meets and exceeds market standards.

Additionally, the Company focusses on its expertise in metallurgy, which is a crucial aspect in the process of product development.

Internal Control Systems and Adequacy

For the purposes of effective internal financial control, CFF has adopted various policies and procedures to ensure orderly and efficient conduct of its business, including adherence to company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

There has not been any significant change in such control systems. The control systems are reviewed by the management regularly. The same are also reviewed by the Statutory Auditors and Internal Auditors from time to time. Additionally, the Company has adopted various policies and procedures to safeguard its interest. These policies and procedures are reviewed from time to time. A proper reporting mechanism has been implemented in the organization for reporting any deviation from the policies and procedures. Compliance audit is conducted from time to time by external agencies on various areas of operations.

Human Resources

CFF has Human Relations and Industrial Relations policies in force. These are reviewed and updated regularly in line with the Company's strategic plans. The human relations team continually conducts training programs for talent development. The Company aims to develop the potential of every individual associated with it as a part of its business goal. CFF leverages a mix of experienced as well as young talent to drive growth.

The company values its human resources as the principal drivers of change. The Company focuses on providing individual development and growth in a work culture that encourages team work and high performance.

INDEPENDENT AUDITOR'S REPORT & FINACIALS

Independent Auditor's Report

To the members of
CFF FLUID CONTROL LIMITED
Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of **CFF FLUID CONTROL LIMITED** (“the Company”), which comprise the balance sheet as at 31st March 2023, the statement of profit and loss, and cash flow statement for the year ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2023, the net profit and of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Financial Statements’ section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the companies Act, 2013 and the rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of auditor's report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the applicable accounting standards and the other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that are operating effectively for insuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise due to fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, relevant safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure- A**, a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c. The Balance Sheet, the Statement of Profit and Loss and Cash flow statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure-B**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial statements.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact, if any, of pending litigations on its financial position, in its financial statements (Refer Note 31 of the financial statements);
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - (iii) The Company is not required to transfer any amount to the Investor Education and Protection Fund.
 - (iv) (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on audit procedures that we have considered reasonable and appropriate in circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above, contain any material mis-statement.
- (v) No dividend has been declared and paid by the Company during the year as per the provisions of section 123 of the Companies Act, 2013
- (vi) As proviso to Rule 3(1) of the companies (Accounts) rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable.
- h. In our opinion and according to information and explanations given to us, the Company has not paid managerial remuneration to any of its directors during the year and as such, the limits prescribed by section 197 for maximum possible permissible managerial remuneration is not applicable to the company.

Firm Regn. 304040E

Sd/-

O. P. Pareek

Partner

Membership No. 014238

UDIN: 23014238BGXRSE2190

New Delhi, the 31st day of July, 2023

ANNEXURE- A TO THE AUDITOR'S REPORT

The Annexure referred to in Paragraph 1 under the heading of “Report on other Legal and Regulatory Requirements” of our report of even date to the members of **CFF FLUID CONTROL LIMITED** (the Company) for the year ended on 31st March 2023.

- (i) (a)
 - (i) As per the information and explanation given to us, the Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, plant and Equipment,
 - (ii) As per information and explanation given to us, the company is maintaining proper records showing full particulars of intangible assets;
 - (b) As per the information and explanation given to us, physical verification of Property Plant and equipment has been conducted at regular interval in a year by the management and no material discrepancies were noticed during the course of verification.
 - (c) According to information and explanation given to us, the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company;
 - (d) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year. Accordingly, the provision of sub clause (i)(d) of para 3 of the order are not applicable;
 - (e) According to the information and explanations given to us and based on our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. Accordingly, the provision of sub clause (i)(e) of para 3 of the order are not applicable;
- (ii) (a) According to the information and explanation given to us, the physical verification of inventory has been conducted by the management once in a year which in our opinion is reasonable and appropriate. Further, during the course of verification, no material discrepancy was noticed for more than 10% in aggregate for each class of inventory;
- (b) As per information and explanation given to us, the periodic returns or statements filed with the banks in respect of working capital limit sanctioned for the company are in agreement with the books of accounts;
- (iii) The Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year. Accordingly, the provisions of sub- clause (iii)(a) to (iii)(f) of para 3 of the order are not applicable;
- (iv) According to information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 so far as applicable, in respect of providing loans, investments, guarantees and securities;
- (v) According to information and explanations given to us, the Company has not accepted public deposits and the provision of section 73 to 76 or other relevant provisions of the Companies Act, 2013 and rules framed thereunder are not applicable to the Company;

- (vi) According to information and explanations given to us, the Company is not liable to maintain cost records as prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013;
- (vii) (a) According to information and explanations given to us, the company is regular in depositing undisputed statutory dues related to Goods and Service tax, Provident Fund, Employee State Insurance, Income Tax, cess, and other statutory dues as may be applicable to the appropriate authorities and there are no outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date, they became payable;
- (b) According to information and explanation given to us, there are no outstanding statutory dues on the part of Company which is not deposited on account of dispute with the appropriate authorities;
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year;
- (ix) (a) According to information and explanations given to us, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the period covered by this report;
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or other lender;
- (c) According to the information and explanations given to us by the management, the term loan was applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds have been raised on short-term basis are not utilized for long term purpose;
- (e) According to the information and explanations given to us by the management, According to the information and explanations given to us, the Company does not have any subsidiary, associate or joint ventures. Accordingly, provisions of sub- clause (ix)(e) and (f) of para 3 of the order are not applicable.
- (x) (a) The company has not raised any money by way of initial public offer or further public offer (including debt instruments). Accordingly, provisions of sub-clause (x)(a) of para 3 of the order are not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of sub- clause (x)(b) of para 3 of the order are not applicable
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit;
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;

- (c) According to the Information and explanations given to us, there are no whistle blower complaints received by the company during the year;
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions of sub- clause (xii) of para 3 of the order are not applicable;
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the financial statements, etc., as required by the applicable Accounting Standards;
- (xiv) (a) Based on information and explanations provided to us, the Company does not have an internal audit system due to non- applicability of provisions under Section 138 of the Companies Act, 2013 during the period covered by our report. However, the Company has a prevailing internal control system commensurate with the size and nature of its business;
- (b) As the Company does not have any internal auditor during the period covered, no report of internal auditors was provided to us;
- (xv) According to information and explanations given to us, the Company has not entered into non- cash transactions with its directors or persons connected to its directors and hence, the provisions of Section 192 of the companies Act, 2013 are not applicable to the company;
- (xvi) (a) According to information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934;
- (b) According to information and explanations given to us, the company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (COR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;
- (c) According to information and explanations given to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, provisions of sub-clause (xvi) (c) of para 3 of the order are not applicable;
- (d) According to information and explanations given to us, the Group does not have any CIC as part of the Group. Accordingly, the provisions of sub-clause (xvi) (d) of para 2 of the order are not applicable;
- (xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year;
- (xviii) There has been no resignation of the statutory auditors during the year covered by this report.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the Balance Sheet date;

- (xx) (a) According to the information and explanations given to us, the Company have an unspent amount of Rs. 833.35 thousand in respect of other than ongoing project which is required to be transferred to a fund specified in schedule VII of the Companies Act, 2013 before 30th September 2023;
(b) According to the information and explanations given to us, the Company does not have any ongoing projects and as such not required to transfer any amount to special account referred to in Section 135 (6) of the Companies Act, 2013;
- (xxi) According to the information and explanations given to us, the Company does not have any subsidiary, associate or joint venture and as such, not require to prepare the financial statements. Accordingly, the provisions of sub- clause (xxi) of para 3 of the order are not applicable.

Signed for the purpose of identification

FOR V.N. PUROHIT & CO.

Chartered Accountants

Firm Regn. No. 304040E

Sd/-

O. P. Pareek

Partner

Membership No. 014238

UDIN: 23014238BGXRSE2190

New Delhi, the 31st day of July, 2023

ANNEXURE -B TO THE AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub- section (3) of Section 143 of the Companies Act, 2013

In conjunction with our audit of the financial statements of the Company as at and for the year ended 31st March 2023, we have audited the internal financial controls with reference to financial statements of **CFF FLUID CONTROL LIMITED** (hereinafter referred to as “Company”) along with its subsidiaries, as of that date.

Management’s Responsibility for the Internal Financial Controls

The respective management of the company, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India (“the Guidance Note”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of fraud and errors, the accuracy and completeness of accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, with reference to the financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidences we have obtained for the company to which we are independent auditors is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that: -

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the receipt and expenditures of the Company are being only in accordance with authorizations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and could not be detected. Also, projections of any evaluation of the internal financial control with reference to financial statements to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company, have, in all material aspects, an adequate internal financial controls system with reference to financial statements and such internal financial controls over financial reporting were operating effectively as at 31st March 2023, based on "the internal financial controls with reference to financial statements criteria considering the essential components of internal control stated in the Guidance Note.

FOR V.N. PUROHIT & CO.

Chartered Accountants

Firm Regn. No. 304040E

Sd/-

O.P. Pareek

Partner

Membership No. 014238

UDIN: 23014238BGXRSE2190

New Delhi, the 31st day of July, 2023

CFF Fluid Control Limited
(CIN: U28990MH2012PLC227023)
Balance Sheet as at 31 March 2023

(Rs in '000)

Particulars	Note	31 March 2023	31 March 2022
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	3	1,42,741.00	7,137.05
(b) Reserves and Surplus	4	1,07,151.67	1,41,395.72
Total		2,49,892.67	1,48,532.77
(2) Non-current liabilities			
(a) Long-term Borrowings	5	3,02,540.90	1,15,872.80
(b) Long-term Provisions	6	1,133.45	838.90
Total		3,03,674.35	1,16,711.70
(3) Current liabilities			
(a) Short-term Borrowings	7	1,56,410.89	50,044.27
(b) Trade Payables	8		
- Due to Micro and Small Enterprises		-	-
- Due to Others		93,390.94	1,96,106.71
(c) Other Current Liabilities	9	47,157.46	23,745.03
(d) Short-term Provisions	10	36,273.78	24,429.49
Total		3,33,233.07	2,94,325.50
Total Equity and Liabilities		8,86,800.09	5,59,569.97
II. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment and Intangible Assets			
(i) Property, Plant and Equipment	11	2,62,839.47	81,290.72
(b) Deferred Tax Assets (net)	12	299.87	764.82
(c) Other Non-current Assets	13	4,568.08	2,049.78
Total		2,67,707.42	84,105.32
(2) Current assets			
(a) Inventories	14	3,72,778.43	2,08,335.77
(b) Trade Receivables	15	81,330.81	1,31,439.13
(c) Cash and cash equivalents	16	15,790.58	40,527.60
(d) Short-term Loans and Advances	17	1,516.58	681.84
(e) Other Current Assets	18	1,47,676.27	94,480.31
Total		6,19,092.67	4,75,464.65
Total Assets		8,86,800.09	5,59,569.97

See accompanying notes to the financial statements

As per our report of even date
For **V. N. PUROHIT & CO.**
Chartered Accountants
Firm's Registration No. 304040E

For and on behalf of the Board of
CFF Fluid Control Limited

Sd/-
O.P. Pareek
Partner
Membership No. 014238
UDIN: 23014238BGRSE2190
Place: New Delhi
Date: 31 July 2023

Sd/-
Gautam Makkar
Director
0354956

Sd/-
Sonika Mehta
Company Secretary
M. No. A63323

Sd/-
Sunil Menon
Director
0409485

Sd/-
Hitesh Birla
CFO

Place: Mumbai
Date: 31 July 2023

CFF Fluid Control Limited
(CIN: U28990MH2012PLC227023)

Statement of Profit and loss for the year ended 31 March 2023

(Rs in '000)

Particulars	Note	31 March 2023	31 March 2022
Revenue from Operations	19	7,06,663.24	4,69,876.95
Other Income	20	4,330.72	1,362.15
Total Income		7,10,993.96	4,71,239.10
Expenses			
Cost of Material Consumed	21	4,43,426.95	3,11,347.15
Operating Expenses	22	19,903.08	8,372.71
Employee Benefit Expenses	23	25,105.58	9,636.03
Finance Costs	24	31,106.67	12,517.36
Depreciation and Amortization Expenses	25	13,195.03	9,079.37
Other Expenses	26	34,096.72	15,892.78
Total expenses		5,66,834.03	3,66,845.40
Profit/(Loss) before Exceptional and Extraordinary Item and Tax		1,44,159.93	1,04,393.70
Exceptional Item		-	-
Profit/(Loss) before Extraordinary Item and Tax		1,44,159.93	1,04,393.70
Prior Period Item	27	180.24	663.17
Extraordinary Item		-	-
Profit/(Loss) before Tax		1,43,979.69	1,03,730.53
Tax Expenses	28		
- Current Tax		38,300.00	26,500.00
- Deferred Tax		464.95	-94.18
- Excess/Short Provision Written back/off		3,854.84	-6.97
Profit/(Loss) after Tax		1,01,359.90	77,331.68
Earnings Per Share (Face Value per Share Rs.10 each)			
-Basic (In Rs)	29	7.10	5.42
-Diluted (In Rs)	29	7.10	5.42

See accompanying notes to the financial statements

As per our report of even date

For V. N. PUROHIT & CO.

Chartered Accountants

Firm's Registration No. 304040E

For and on behalf of the Board of

CFF Fluid Control Limited

Sd/-

O.P. Pareek

Partner

Membership No. 014238

UDIN: 23014238BGXRSE2190

Place: New Delhi

Date: 31 July 2023

Sd/-

Gautam Makkar

Director

0354956

Sd/-

Sonika Mehta

Company Secretary

M. No. A63323

Sd/-

Sunil Menon

Director

0409485

Sd/-

Hitesh Birla

CFO

Place: Mumbai

Date: 31 July 2023

CFF Fluid Control Limited

(CIN: U28990MH2012PLC227023)

Cash Flow Statement for the year ended 31 March 2023

(Rs in '000)

Particulars	Note	31 March 2023	31 March 2022
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit after tax		1,01,359.90	77,331.68
Depreciation and Amortisation Expense		13,195.03	9,079.37
Provision for tax		42,619.79	26,398.85
Effect of Exchange Rate Change		-3,532.56	209.70
Non Cash Expenses		1,144.55	838.90
Interest Income		-798.16	-1,044.61
Finance Costs		31,106.67	12,517.36
Operating Profit before working capital changes		1,85,095.23	1,25,331.24
Adjustment for:			
Inventories		-1,64,442.66	-7,833.10
Trade Receivables		50,108.33	-65,428.06
Other Current Assets		-56,531.45	6,487.17
Trade Payables		-99,183.22	1,35,532.12
Other Current Liabilities		23,412.43	-40,739.72
Cash (Used in)/Generated from Operations		-61,541.34	1,53,349.65
Tax paid(Net)		31,160.55	2,063.54
Net Cash (Used in)/Generated from Operating Activities		-92,701.89	1,51,286.11
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		-1,94,747.18	-
Loans and Advances given		-14.17	-59,283.13
Interest received		798.16	1,044.61
Net Cash (Used in)/Generated from Investing Activities		-1,93,963.19	-58,238.52
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Long Term Borrowings		1,86,668.10	8,683.68
Proceeds from Short Term Borrowings		1,06,366.62	-68,887.43
Interest Paid		-31,106.67	-12,517.36
Net Cash (Used in)/Generated from Financing Activities		2,61,928.05	-72,721.12
Net Increase/(Decrease) in Cash and Cash Equivalents		-24,737.02	20,326.48
Opening Balance of Cash and Cash Equivalents		40,527.60	20,201.12
Closing Balance of Cash and Cash Equivalents	16	15,790.58	40,527.60

Note:

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), "Cash Flow Statements".

See accompanying notes to the financial statements

As per our report of even date

For V. N. PUROHIT & CO.

Chartered Accountants

Firm's Registration No. 304040E

For and on behalf of the Board of**CFF Fluid Control Limited**

Sd/-

O.P. Pareek

Partner

Membership No. 014238

UDIN: 23014238BGXRSE2190

Place: New Delhi

Date: 31 July 2023

Sd/-

Gautam Makkar

Director

0354956

Sd/-

Sonika Mehta

Company Secretary

M. No. A63323

Sd/-

Sunil Menon

Director

0409485

Sd/-

Hitesh Birla

CFO

Place: Mumbai

Date: 31 July 2023

CFF Fluid Control Limited
(CIN: U28990MH2012PLC227023)
Notes forming part of the Financial Statements

1 COMPANY INFORMATION

CFF Fluid Control private Limited is a company incorporated on 16th February 2012 and having its registered office at Plot No. 01, Survey No. 96, Khubhivli Madap , Raigad, Maharashtra- 410203 with Registrar of Companies, Maharashtra. It is engaged in the business of manufacturing, Overhaul, repairs and maintenance of shipboard machinery, combat system, reference system, test facilities (pneumatic, hydraulic, electrical, electrical systems) for submarines and surface ships for Indian Navy.

2 SIGNIFICANT ACCOUNTING POLICIES

a Basis of Preparation

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, as applicable. The financial statements have been prepared under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair value.

b Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Examples of such estimates include provisions for doubtful receivables, provision for income taxes, the useful lives of depreciable Property, Plant and Equipment and provision for impairment. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognised in the period in which the results are known / materialise.

c Property, Plant and Equipment

Property, plant and equipment are carried at the cost of acquisition or construction less accumulated depreciation. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date it is ready for its intended use.

d Depreciation / amortisation

In respect of Property, Plant and Equipment (other than freehold land and capital work-in-progress) acquired during the year, depreciation/ amortisation is provided on 'Written Down Value Method' in accordance with the rates and other conditions laid down in Schedule- II of the Companies Act, 2013. The calculation of depreciation is made on annual basis including in case of additions or sale of property, plant & equipment during the year.

e Employee benefits

Short term benefits such as salary, bonus, leave salary and other benefits are accounted on accrual basis. Defined contribution plans includes company's contributions towards state plans for the employees, such as EPF, ESI etc. where contributions made towards such plans are charged to revenue as and when they become due to the company.

Defined benefit plans includes gratuity, liability of which is provided in the books of account on the basis of actuarial valuation made at the end of year.

CFF Fluid Control Limited
(CIN: U28990MH2012PLC227023)
Notes forming part of the Financial Statements

f Impairment

At each balance sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. Reversal of impairment loss is recognised as income in the statement of profit and loss.

g Investments

Long-term investments and current maturities of long-term investments are stated at cost, less provision for other than temporary diminution in value. Current investments, except for current maturities of long-term investments, comprising investments in mutual funds, government securities and bonds are stated at the lower of cost and fair value.

h Revenue recognition

Revenue from sale of goods is recognised at the time of delivery of goods. Service revenue is recognised after performance of the service contract is completed. Recognition of revenue is based upon the condition that there is no significant uncertainty exist regarding the amount of consideration that will be derived from sale or services. Revenue is reported net of trade discounts, if any.

Dividend is recorded when the right to receive payment is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

i Taxation

Current tax comprises taxes on income and measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. .

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction for relevant tax paying units and where the Company is able to and intends to settle the asset and liability on a net basis.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

j Foreign currency transactions

Income and expense in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities other than net investments in non-integral foreign operations are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses are recognised in the statement of profit and loss. Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve.

CFF Fluid Control Limited
(CIN: U28990MH2012PLC227023)
Notes forming part of the Financial Statements

k Earning per share

Basic Earnings per Share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the year. Diluted Earnings per Share is computed by dividing net profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

l Inventories

Inventories are stated at the lower of cost of net realisable value. Net realisable value means the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

m Provisions, Contingent liabilities and Contingent assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

n Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

As per our report of even date

For V. N. PUROHIT & CO.
Chartered Accountants
Firm's Registration No. 304040E

For and on behalf of the Board of
CFF Fluid Control Limited

Sd/-
O.P. Pareek
Partner
Membership No. 014238
UDIN: 23014238BGXRSE2190
Place: New Delhi
Date: 31 July 2023

Sd/-
Gautam Makkar
Director
0354956

Sd/-
Sonika Mehta
Company Secretary
M. No. A63323

Sd/-
Sunil Menon
Director
0409485

Sd/-
Hitesh Birla
CFO

Place: Mumbai
Date: 31 July 2023

CFF Fluid Control Limited
(CIN: U28990MH2012PLC227023)
Notes forming part of the Financial Statements

3 Share Capital

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Authorised Share Capital Equity Shares, Rs. 10 par value, 21000000 (Previous Year -1000000) Equity Shares	2,10,000.00	10,000.00
Issued, Subscribed and Fully Paid up Share Capital Equity Shares, Rs. 10 par value 14274100 (Previous Year -713705) Equity Shares paid up	1,42,741.00	7,137.05
Total	1,42,741.00	7,137.05

(i) Reconciliation of number of shares

Particulars	31 March 2023		31 March 2022	
	No. of shares	(Rs in '000)	No. of shares	(Rs in '000)
Opening Balance	7,13,705	7,137.05	7,13,705	7,137.05
Issued during the year	1,35,60,395	1,35,603.95	-	-
Deletion	-	-	-	-
Closing balance	1,42,74,100	1,42,741.00	7,13,705	7,137.05

(ii) Rights, preferences and restrictions attached to shares

Equity Shares: The Company has one class of equity shares. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the company

Equity Shares Name of Shareholder	31 March 2023		31 March 2022	
	No. of shares	In %	No. of shares	In %
Sunil Menon	71,36,660	50.00%	3,56,833	50.00%
Gautam Makkar	43,56,340	30.52%	2,17,817	30.52%
Niranjan Makkar	10,16,740	7.12%	50,837	7.12%
Sheeila Makkar	17,63,560	12.35%	88,178	12.35%

(iv) Shares held by Promoters at the end of the year 31 March 2023

Name of Promoter	Class of Shares	No. of Shares	% of total shares	% Change during the year
Sunil Menon	Equity	71,36,660	50.00%	0.00%
Gautam Makkar	Equity	43,56,340	30.52%	0.00%
Niranjan Makkar	Equity	10,16,740	7.12%	0.00%
Sheeila Makkar	Equity	17,63,560	12.35%	0.00%

CFF Fluid Control Limited
(CIN: U28990MH2012PLC227023)
Notes forming part of the Financial Statements

Shares held by Promoters at the end of the year 31 March 2022

Name of Promoter	Class of Shares	No. of Shares	% of total shares	% Change during the year
Sunil Menon	Equity	3,56,833	50.00%	35683200.00%
Gautam Makkar	Equity	2,17,817	30.52%	0.00%
Niranjan Makkar	Equity	50,837	7.12%	0.00%
Sheela Makkar	Equity	88,178	12.35%	0.00%

On 11th July 2022, the Company has issued and allotted 13,560,395 equity shares having face value of Rs. 10 each by way of Bonus Shares in ratio of 19:1 to the existing shareholders.

4 Reserves and Surplus

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Securities Premium		
Opening Balance	27,871.77	27,871.77
Less: Issue as Bonus Shares	27,871.77	-
Closing Balance	-	27,871.77
Statement of Profit and loss		
Balance at the beginning of the year	1,13,523.96	36,192.28
Add: Profit/(loss) during the year	1,01,359.90	77,331.68
Less: Appropriation		
Issue as Bonus Shares	1,07,732.19	-
Balance at the end of the year	1,07,151.67	1,13,523.96
Total	1,07,151.67	1,41,395.72

5 Long term borrowings

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Secured Term loans from banks	87,117.15	36,851.57
Unsecured Loans and advances from related parties	2,15,423.75	79,021.23
Total	3,02,540.90	1,15,872.80

Particulars of Long term Borrowings

Name of Lender/Type of Loan	Nature of Security	Rate of Interest	Monthly Installments	No of Installment
Axis Bank Limited	See Note Below	Repo + 3.35% p.a.		
Flash Forge Private Limited	Unsecured	12% p.a.	None	None

Term loans obtained from Axis Bank Limited effectively carrying interest of 9.25% p.a., are secured against hypothecation on the entire movable assets of the company (Present and Future), equitable mortgage of the Company's factory Land and Building located at Plot No. 1, Survey No. 96, Village Khumbivali, Taluka Khalapur, Dist. Raigad, Maharashtra, corporate guarantee of M/s Flash Forge Private Limited and personal guarantee of the directors, Mr. Gautam Makkar and Mr. Sunil Menon.

CFF Fluid Control Limited
(CIN: U28990MH2012PLC227023)
Notes forming part of the Financial Statements

6 Long term provisions

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Provision for employee benefits	1,133.45	838.90
Total	1,133.45	838.90

7 Short term borrowings

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Current maturities of long-term debt	10,088.89	15,182.27
Secured Loans repayable on demand from banks	1,46,322.00	34,862.00
Total	1,56,410.89	50,044.27

Particulars of Short term Borrowings

Name of Lender/Type of Loan	Rate of	Nature of Security
Axis Bank Limited	Repo Rate + 3.35% p.a.	See Note below

Bank cash credit (Existing limits & New limits) from Axis Bank Limited is secured against exclusive first charge by way of hypothecation on the entire Current Assets of the company (Present and future). Extension of exclusive charge by way of equitable mortgage on land and building, owned by the company, corporate guarantee of M/s Flash Forge Private Limited and personal guarantee of directors, Mr. Gautam Makkar and Mr. Sunil Menon.

8 Trade payables

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Due to Micro and Small Enterprises	-	-
Due to others	93,390.94	1,96,106.71
Total	93,390.94	1,96,106.71

8.1 Trade Payable ageing schedule as at 31 March 2023

(Rs in '000)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME					-
Others	75,614.86	17,247.29	-	528.79	93,390.94
Disputed dues- MSME					-
Disputed dues- Others					-
Sub total					93,390.94
MSME - Undue					
Others - Undue					
Total					93,390.94

CFF Fluid Control Limited
(CIN: U28990MH2012PLC227023)
Notes forming part of the Financial Statements

8.2 Trade Payable ageing schedule as at 31 March 2022

(Rs in '000)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME					-
Others	1,66,654.32	28,786.21	269.63	396.56	1,96,106.71
Disputed dues- MSME					-
Disputed dues- Others					-
Sub total					1,96,106.71
MSME - Undue					
Others - Undue					
Total					1,96,106.71

There are no dues to Micro enterprises and small enterprises as defined under Micro, Small & Medium Enterprises Development Act, 2006 which are outstanding for a period more than 45 days as on balance sheet date.

The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company and have been duly relied upon by the auditors of the Company.

9 Other current liabilities

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Application money received for allotment of securities and due for refund and interest a	19,864.01	19,864.01
Advance from customers	10,326.04	666.70
Audit fees payable	270.00	330.00
EPF and ESIC payable	269.97	533.95
Other expenses payable	9,739.69	826.67
Professional tax payable	9.20	45.97
TDS payable	6,678.55	1,477.73
Total	47,157.46	23,745.03

10 Short term provisions

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Others		
-For CSR expenses	850.00	-
-For income tax (net of advances)	35,423.78	24,429.49
Total	36,273.78	24,429.49

CFF Fluid Control Limited
(CIN: U28990MH2012PLC227023)

Notes forming part of the Financial Statements

11 Property, Plant and Equipment

Name of Assets	Gross Block			Depreciation and Amortization			Net Block	
	As on 01-Apr-22	Addition	Deduction	As on 31-Mar-23	As on 01-Apr-22	Deduction for the year	As on 31-Mar-23	As on 31-Mar-22
(i) Property, Plant and Equipment								
Land	21,974.00	-	-	21,974.00	-	-	21,974.00	21,974.00
Plant and Machinery	56,645.47	1,01,621.73	-	1,58,267.20	34,379.09	4,326.54	1,19,561.56	22,266.38
Building	56,979.36	92,377.50	-	1,49,356.86	20,758.03	8,538.24	1,20,060.60	36,221.34
Computers	740.99	433.83	-	1,174.82	716.98	118.32	339.52	24.01
Furniture and Fixture	2,328.99	-	-	2,328.99	1,722.98	156.90	1,879.88	606.01
Office Equipment	3,204.28	221.50	-	3,425.78	3,005.30	50.35	3,055.65	198.98
Vehicles	-	89.23	-	89.23	-	4.68	84.55	-
Total	1,41,873.09	1,94,743.79	-	3,36,616.88	60,582.37	13,195.03	2,62,839.47	81,290.72
Previous Year	1,41,873.09	-	-	1,41,873.09	51,503.00	9,079.37	81,290.72	90,370.09

(Rs in '000)

CFF Fluid Control Limited
(CIN: U28990MH2012PLC227023)
Notes forming part of the Financial Statements

12 Deferred tax assets net (Rs in '000)

Particulars	31 March 2023	31 March 2022
Deferred tax assets (net)	299.87	764.82
Total	299.87	764.82

12.1 Significant Components of Deferred Tax (Rs in '000)

Particulars	31 March 2023	31 March 2022
Deferred Tax Asset		
Difference between book depreciation and tax depreciation	299.87	764.82
Gross Deferred Tax Asset (A)	299.87	764.82
Deferred Tax Liability		
Gross Deferred Tax Liability (B)	-	-
Net Deferred Tax Asset (A)-(B)	299.87	764.82

12.2 Significant components of Deferred Tax charged during the year (Rs in '000)

Particulars	31 March 2023	31 March 2022
Difference between book depreciation and tax depreciation	464.95	(94.18)
Total	464.95	(94.18)

13 Other non current assets (Rs in '000)

Particulars	31 March 2023	31 March 2022
Security Deposits	4,450.58	1,932.28
Others		
-Earnest money deposit	117.50	117.50
Total	4,568.08	2,049.78

14 Inventories (Rs in '000)

Particulars	31 March 2023	31 March 2022
Raw materials	3,72,778.43	2,08,335.77
Total	3,72,778.43	2,08,335.77

15 Trade receivables (Rs in '000)

Particulars	31 March 2023	31 March 2022
Unsecured considered good	81,330.81	1,31,439.13
Total	81,330.81	1,31,439.13

CFF Fluid Control Limited
(CIN: U28990MH2012PLC227023)
Notes forming part of the Financial Statements

15.1 Trade Receivables ageing schedule as at 31 March 2023

(Rs in '000)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables- considered good	81,330.81					81,330.81
Undisputed Trade Receivables- considered doubtful						-
Disputed Trade Receivables considered good						-
Disputed Trade Receivables considered doubtful						-
Sub total						81,330.81
Undue - considered good						
Total						81,330.81

15.2 Trade Receivables ageing schedule as at 31 March 2022

(Rs in '000)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables- considered good	1,31,439.13					1,31,439.13
Undisputed Trade Receivables- considered doubtful						-
Disputed Trade Receivables considered good						-
Disputed Trade Receivables considered doubtful						-
Sub total						1,31,439.13
Undue - considered good						
Total						1,31,439.13

16 Cash and cash equivalents

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Cash on hand	852.94	500.00
Balances with banks in current accounts	567.67	23,081.07
Cash and cash equivalents - total	1,420.61	23,581.07
Other Bank Balances		
Deposits with original maturity for more than 3 months but less than 12 months	14,369.97	16,946.53
Total	15,790.58	40,527.60

CFF Fluid Control Limited
(CIN: U28990MH2012PLC227023)
Notes forming part of the Financial Statements

17 Short term loans and advances

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Loans and advances to related parties	-	271.69
Other loans and advances (Unsecured, considered good) -Advances to employees	1,516.58	410.15
Total	1,516.58	681.84

18 Other current assets

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Advance to suppliers	81,971.50	82,264.44
Input credit under GST	29,588.38	1,931.71
Prepaid expenses	3,702.24	-
Retention money	32,414.15	10,284.16
Total	1,47,676.27	94,480.31

19 Revenue from operations

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Sale of products	6,82,547.04	4,27,994.79
Sale of services	24,116.20	41,882.16
Total	7,06,663.24	4,69,876.95

20 Other Income

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Interest Income	798.16	1,044.61
Others		
-Balance written back	-	317.54
-Foreign exchange fluctuation gain	3,532.56	-
Total	4,330.72	1,362.15

21 Cost of Material Consumed

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Raw Material Consumed		
Opening stock	2,08,335.77	2,00,502.67
Purchases	6,07,869.61	3,19,180.25
Less: Closing stock	3,72,778.43	2,08,335.77
Total	4,43,426.95	3,11,347.15
Total	4,43,426.95	3,11,347.15

CFF Fluid Control Limited
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Notes forming part of the Financial Statements

22 Operating Expenses

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Electricity expenses	3,640.68	4,887.34
Factory expenses	6.40	6.05
Job work charges	6,555.11	2,610.50
Labour charges	6,650.74	240.77
Packing charges	5.81	0.20
Repair and maintenance	1,412.27	146.79
Testing charges	560.17	430.12
Transportation	1,071.90	8.59
Water charges	-	42.35
Total	19,903.08	8,372.71

23 Employee benefit expenses

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Salaries and wages	24,211.28	9,168.46
Contribution to provident and other funds	387.15	200.07
Staff welfare expenses	212.60	91.78
Gratuity	294.55	175.72
Total	25,105.58	9,636.03

Defined Contribution Plan

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Employers Contribution to Provident Fund	361.75	180.98
Employers Contribution to ESI	25.40	19.09

24 Finance costs

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Interest expense	27,428.08	11,569.37
Other borrowing costs	3,678.59	947.99
Total	31,106.67	12,517.36

25 Depreciation and amortization expenses

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Depreciation	13,195.03	9,079.37
Total	13,195.03	9,079.37

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26 Other expenses

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Auditors' Remuneration	700.00	300.00
Commission	7.00	210.00
Conveyance expenses	55.09	422.90
Insurance	255.61	208.36
Professional fees	4,371.18	2,861.00
Rent	6,862.28	1,473.15
Rates and taxes	-	0.60
Telephone expenses	185.74	141.80
Travelling Expenses	938.29	224.75
Bank charges	178.70	121.41
CSR expenses	850.00	-
Donation	50.00	-
Filing fees	2,493.90	28.30
Foreign exchange fluctuation loss	-	209.70
Inspection charges	243.05	3.29
Interest on statutory dues	192.96	562.35
Late delivery charges	13,160.53	7,975.47
Miscellaneous expenses	295.37	638.25
Office maintenance	416.66	270.17
Postage and stamp expenses	2,683.72	241.28
Printing and stationery	76.64	-
Website charges	80.00	-
Total	34,096.72	15,892.78

27 Prior Period Item

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Gratuity provided for earlier years	-	663.17
MVAT Demand for earlier years	180.24	-
Total	180.24	663.17

28 Tax Expenses

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Current Tax	38,300.00	26,500.00
Deferred Tax	464.95	(94.18)
Excess/Short Provision Written back/off	3,854.84	(6.97)
Total	42,619.79	26,398.85

CFF Fluid Control Limited
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Notes forming part of the Financial Statements

29 Earning per share

Particulars	31 March 2023	31 March 2022
Profit attributable to equity shareholders (Rs in '000)	1,01,359.90	77,331.68
Weighted average number of Equity Shares	1,42,74,100	1,42,74,100
Earnings per share basic (Rs)	7.10	5.42
Earnings per share diluted (Rs)	7.10	5.42
Face value per equity share (Rs)	10	10

30 Auditors' Remuneration

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Payments to auditor as		
- Auditor	300.00	300.00
- Examination of Restated Financial Statements	400.00	-
Total	700.00	300.00

31 Contingent Liabilities and Commitments

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Claims against the Company not acknowledged as debt	-	-
Income tax demand for AY 2022- 23	11,054.34	-
Total	11,054.34	-

The Income tax return was assessed under section 143(1) of the Income tax Act, 1961 ("the Act") without giving effect of tax rates opted by the Company under Section 115BAA of the Act. The assessment has also not considered the self-assessment tax deposited to the tune of Rs. 2.82 Crores by the Company. The Company has filed rectification for said Assessment Year under Section 154 of the Act.

32 Value of Import on CIF basis

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Raw Materials	44,605.39	17,580.95
Components and Spare Parts	-	-
Capital goods	-	-
Total	44,605.39	17,580.95

CFF Fluid Control Limited
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Notes forming part of the Financial Statements

33 Related Party Disclosure

(i) List of Related Parties

Sunil Menon	Director and KMP
Flash Forge Private Limited	KMP have Significant Influence
Sonika Mehta	Company Secretary
Hitesh Birla	Chief Financial Officer

(ii) Related Party Transactions

(Rs in '000)

Particulars	Relationship	31 March 2023	31 March 2022
Loan taken			
- Sunil Menon	Director and KMP	-	1,160.00
- Flash Forge Private Limited	KMP have Significant Influence	2,26,535.00	92,293.00
Loan repaid			
- Sunil Menon	Director and KMP	-	1,199.99
- Flash Forge Private Limited	KMP have Significant Influence	1,06,860.00	84,166.13
Remuneration			
- Sunil Menon	Director and KMP	4,200.00	-
Interest given			
- Flash Forge Private Limited	KMP have Significant Influence	18,586.13	-
Rembursement of expenses			
- Flash Forge Private Limited	KMP have Significant Influence	48,710.00	36,076.20
Salary			
- Hitesh Birla	Chief Financial Officer	946.76	-
- Sonika Mehta	Company Secretary	90.20	-

(iii) Related Party Balances

(Rs in '000)

Particulars	Relationship	31 March 2023	31 March 2022
Borrowings			
- Flash Forge Private Limited	KMP have Significant Influence	2,15,423.75	79,021.23
Payable against expenses			
- Flash Forge Private Limited	KMP have Significant Influence	6,819.80	119.86
Remuneration payable			
- Sunil Menon	Director and KMP	900.00	-
Salaries payable			
- Sonika Mehta	Company Secretary	16.60	-
- Hitesh Birla	Chief Financial Officer	128.13	-

34 Registration of Charge

The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

CFF Fluid Control Limited
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Notes forming part of the Financial Statements

35 Ratio Analysis

Particulars	Numerator/Denominator	31 March 2023	31 March 2022	Change in %
(a) Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.86	1.62	15.01%
(b) Debt-Equity Ratio	$\frac{\text{Total Debts}}{\text{Shareholder's Equity}}$	1.84	1.12	64.42%
(c) Debt Service Coverage Ratio	$\frac{\text{Earning available for Debt Service}}{\text{Debt Service}}$	4.07	3.71	9.70%
(d) Return on Equity Ratio	$\frac{\text{Profit after Tax}}{\text{Average Shareholder's Equity}}$	50.88%	70.39%	-27.71%
(e) Inventory turnover ratio	$\frac{\text{Total Turnover}}{\text{Average Inventories}}$	2.43	2.30	5.81%
(f) Trade receivables turnover ratio	$\frac{\text{Total Turnover}}{\text{Average Account Receivable}}$	6.64	4.76	39.56%
(g) Trade payables turnover ratio	$\frac{\text{Total Purchases}}{\text{Average Account Payable}}$	4.20	2.49	68.72%
(h) Net capital turnover ratio	$\frac{\text{Total Turnover}}{\text{Net Working Capital}}$	2.47	2.59	-4.70%
(i) Net profit ratio	$\frac{\text{Net Profit}}{\text{Total Turnover}}$	14.34%	16.46%	-12.85%
(j) Return on Capital employed	$\frac{\text{Earning before interest and taxes}}{\text{Capital Employed}}$	24.70%	36.97%	-33.19%

Debt equity ratio: Due to availment of new term loan from bank thereby increase in long term borrowings.

Return on equity ratio: Significant increase in shareholder's fund due to current year's profits.

Trade receivable turnover ratio: Significant increase in turnover for the current year.

Trade payable turnover ratio: Significant increase in turnover for the current year.

Return on capital employed: Significant increase in shareholder's fund due to current year's profit and availment of new long term loan from banks.

36 Undisclosed Income

The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

37 CSR Expenditure

(Rs in '000)

Particulars	31 March 2023	31 March 2022
Amount required to be spent by the company during the year	833.35	-
Shortfall at the end of the year	833.35	-
Movement in the provision	850.00	-

CFF Fluid Control Limited
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Notes forming part of the Financial Statements

Reason for shortfall

The provisions of Corporate Social Responsibility (CSR) are applicable for the first time upon the Company. The Board of Directors have formulated a sustainable CSR policy and currently appraising for the suitable CSR Projects.

In the meantime, it has been decided that the unspent CSR amount for the year ended on 31st March 2023 shall be deposited into the funds specified under Schedule VII of the Companies Act, 2013.

Nature of CSR activities

In absence of sustainable CSR projects in hand, The Company has not carried out any CSR activity during the year. However, the Board is planning to undertake sustainable CSR project in the area of education and medical relief.

38 Other Statutory Disclosures as per the Companies Act, 2013

The Company did not have any long- term contracts including derivative contracts for which there were any material foreseeable losses.

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

The title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Company as at the balance sheet date.

39 Segment Reporting

In absence of any identifiable business segment, Accounting Standard (AS) 17 on Segment Reporting are not applicable on the Company.

40 Realisable value of assets

In the opinion of the management, the current assets, loans and advances have a realizable value in the ordinary course of business is not less than the amount at which they are stated in the balance sheet.

41 Confirmation of balances

Balance shown under receivables, payables and advances are subject to confirmation.

42 Regrouping

Previous year's figures have been re- arranged or re- grouped wherever considered necessary.

43 Rounding off

Figures have been rounded off to the nearest thousands of rupees.

As per our report of even date

For V. N. PUROHIT & CO.

Chartered Accountants

Firm's Registration No. 304040E

**For and on behalf of the Board of
CFF Fluid Control Limited**

Sd/-

O.P. Pareek

Partner

Membership No. 014238

Sd/-

Gautam Makkar

Director

0354956

Sd/-

Sunil Menon

Director

0409485

Sd/-

Hitesh Birla

CFO

UDIN: 23014238BGXRSE2190

Place: New Delhi

Date: 31 July 2023

Sd/-

Sonika Mehta

Company Secretary

M. No. A63323

Place: Mumbai

Date: 31 July 2023